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CERTAIN BRASS SHEET AND STRIP FROM JAPAN AND THE NETHERLANDS

Determinations of the Commission in Investigations Nos. 731-TA-379 and 380 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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Vincent DeSapio, Office of Industries
Jeffrey Anspacher, Office of Economics
Marshall Wade, Office of Investigations
Jack Simmons, Office of the General Counsel
Robert Eninger, Supervisory Investigator

Address all communications to
Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

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Note.--Information which would disclose the confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 731-TA-379 and 380 (Preliminary)

CERTAIN BRASS SHEET AND STRIP FROM JAPAN
AND THE NETHERLANDS

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission unanimously determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Japan and the Netherlands of certain brass sheet and strip, 2/ provided for in item 612.39 of the Tariff Schedules of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

Background

On July 20, 1987, petitions were filed with the Commission and the Department of Commerce by counsel on behalf of American Brass, Buffalo, NY; Bridgeport Brass Corp., Indianapolis, IN; Chase Brass & Copper Co., Solon, OH; Hussey Copper, Ltd., Leetsdale, PA; The Miller Company, Meriden, CT; Olin Corp. - Brass Group, East Alton, IL; and Revere Copper Products, Inc., Rome NY; domestic producers of brass sheet and strip, and on behalf of International

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1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i)).

2/ For purposes of these investigations the term "certain brass sheet and strip" refers to brass sheet and strip, other than leaded brass and tin brass sheet and strip, of solid rectangular cross section over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3960, 612.3982, and 612.3986 of the Tariff Schedules of the United States Annotated (TSUSA). The chemical compositions of the products under investigation are currently defined in the Copper Development Association (CDA) 200 series or the Unified Numbering System (UNS) C20000 series. Products whose chemical compositions are defined by other CDA or UNS series are not covered by these investigations.

Association of Machinists and Aerospace Workers, Washington, DC; International Union, Allied Industrial Workers of America (AFL-CIO), Milwaukee, WI; Mechanics Educational Society of America (Local 56), Rome, NY; and United Steelworkers of America (AFL-CIO/CLC), Pittsburgh, PA., alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of certain brass sheet and strip from Japan and the Netherlands. Accordingly, effective July 20, 1987, the Commission instituted preliminary antidumping investigations Nos. 731-TA-379 and 380 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of July 29, 1987 (52 F.R. 28352). The conference was held in Washington, DC, on August 12, 1987, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of brass sheet and strip from Japan and The Netherlands that are allegedly being sold at less than fair value (LTFV). This determination is based on the condition of the domestic industry which exhibits such indicia of injury as to provide a reasonable indication of injury, the increased volume of cumulated imports, and the pattern of underselling which provide a reasonable indication that the cumulated imports from Japan and The Netherlands are a cause of that injury. 1/

Like Product and Domestic Industry

We have investigated the domestic brass sheet and strip industry on several prior occasions. 2/ In these preliminary investigations, no party challenged the Commission's prior definitions of the like product and the

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1/ Chairman Liebeler concurs in all parts of this opinion except that portion dealing with causation. For her views on causation, see Additional Views of Chairman Susan Liebeler, infra.

2/ Certain Brass Sheet and Strip from France, Italy, Sweden, and West Germany, Invs. Nos. 701-TA-270 (Final) and 731-TA-313, 314, 316, and 317 (Final), USITC Pub. 1951 (Feb. 1987) ("France, Italy, Sweden, and West Germany"); Certain Brass Sheet and Strip from Brazil, Canada, and the Republic of Korea, Invs. Nos. 701-TA-269 (Final) and 731-TA-311, 312, and 315 (Final), USITC Pub. 1930 (Dec. 1986) ("Brazil, Canada, and Korea"); Certain Brass Sheet and Strip from Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany, Invs. Nos. 701-TA-269 and 270 (Preliminary) and 731-TA-311 through 317 (Preliminary), USITC Pub. 1837 (May 1986). Our final determinations in the cases involving imports from Canada, Italy, Sweden, and West Germany have been appealed to the U.S. Court of International Trade. Each of those cases is in the pleading stage.

domestic industry. 3/ 4/ Accordingly, we determine that there is a single like product, brass sheet and strip, including both reroll and finished product, and we further determine that there is a single domestic industry, consisting of both primary brass mills with casting capabilities and rerollers. 5/

Condition of the domestic industry

In assessing the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, production, capacity, capacity utilization, shipments, inventories, employment, and financial performance. 6/

The Commission has examined the condition of the domestic brass sheet and strip industry twice in recent months. 7/ In Brazil, Canada, and Korea, supra (December 1986), which included data from January 1983 through June

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3/ Transcript of the conference (Tr.) at 78-79, 153. Petitioners requested, however, that the Commission reconsider the inclusion of the rerollers within the scope of the domestic industry. Tr. at 16; Petitioners' postconference brief at 6. Since no party presented any additional evidence or arguments on this issue, there is no reason to reconsider this matter.

4/ Several of the parties in opposition to the petitions (respondents) argued that the Commission should "exclude" certain imported products, primarily on the grounds that there is no domestic production of those articles. These matters are discussed in detail, infra.

5/ For a full discussion of the questions of like product and domestic industry, see France, Italy, Sweden, and West Germany, supra, at 5-10; Brazil, Canada, and Korea, supra, at 5-9.

6/ 19 U.S.C. § 1677(7)(C)(iii).

7/ France, Italy, Sweden, and West Germany, supra, at 10-11; Brazil, Canada, and Korea, supra, at 9-12.

1986, we noted adverse trends in almost all of the indicia we usually consider in such investigations. 8/ Specifically, production, capacity utilization, and shipments declined overall. In addition, employment, hours worked, and wages paid, as well as the traditional financial indicators (such as sales, gross profits, operating income, and cash flow), all fell below, and in some cases substantially below, 1983 levels. 9/ In France, Italy, Sweden, and West Germany, supra (February 1987), which included data through the third quarter of 1986, we stated that "the trends in virtually all of the major economic indicators remained unchanged." 10/ In the present investigations, for which we have data through the second quarter of 1987, some of those indicators show improvement, particularly in the 1987 period.

Respondents argued that the data for the first six months of 1987 demonstrate that the industry is not injured. 11/ The argument is unpersuasive because the improvements in the industry's condition are of limited duration and, even if the Commission were to myopically consider interim data in isolation, the economic indicators in these investigations would not rise to a level of no material injury. Thus, we cannot conclude that any injury to the industry has ended and we therefore conclude that there

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8/ In those investigations, the Commission examined the overall trends during the entire period of investigation, and noted that 1984 was a year of unusually high demand. Id. at 10.

9/ Id. at 10-11.

10/ Id. at 11.

11/ Tr. at 165-68. See Cambridge-Lee Industries, Inc.'s postconference brief at 2-5; Commonwealth Metal Corp.'s postconference brief at 7-15.

is a reasonable indication that the domestic industry is experiencing material injury. 12/

Cumulation

The Commission is required to cumulatively assess the volume and the effects of imports subject to investigation from two or more countries if the imports (1) compete with other imports and the domestic like product, (2) are subject to investigation, and (3) are marketed within a reasonably coincident period. 13/

Although there are clearly some market segments in which the Japanese and Dutch producers do not compete directly, there is substantial overlap in the segments in which they do serve. The Japanese, Dutch, and domestic producers are all capable of producing a wide range of products for a wide variety of users, including specialized users. Moreover, the fact that each of the countries exports some brass sheet and strip products not exported by one or more of the others affects only a relatively small number of very specialized products, not the broad range of brass sheet and strip under investigation here. Finally, several respondents argued that U.S. mills do not produce certain of the imported products. Again, this argument pertains to very specialized segments of the market, and does not show a lack of competition

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12/ Though Vice Chairman Brunsdale finds a reasonable indication of material injury for the purpose of these preliminary investigations, she regards it as a close call and intends to examine this question carefully in any final investigation.

13/ 19 U.S.C. § 1677(7)(C)(iv); H.R. Rep. 725, 98th Cong., 2d Sess. 36-37 (1984).

between the broad range of brass sheet and strip. 14/

With regard to the other criteria, both Japanese and Dutch imports are subject to investigation and, as both have been marketed throughout the period of investigation, they are reasonably coincident in time.

We conclude that it is appropriate to cumulate the imports from Japan and The Netherlands for the purpose of assessing their effects on the domestic industry.

Reasonable Indication of Material Injury by the Allegedly LTFV Imports

In determining whether there is a reasonable indication that the domestic industry is materially injured "by reason of" the allegedly LTFV imported articles subject to investigation, the Commission considers, among other factors, the volume of imports and the effect of such imports on prices for the like product in the United States and on the relevant domestic industry. 15/

The volume of imports from Japan and The Netherlands increased 12.7 percent from 1984 through 1986 and then declined 4.5 percent from January-June

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14/ We discuss, infra, some of the specific allegations regarding several specialized brass products in the context of their impact on the domestic industry. See, infra, at notes 24 and 27.

15/ 19 U.S.C. § 1677(7)(B). See, e.g., Tapered Roller Bearings and Parts Thereof, and Certain Housings Incorporating Tapered Roller Bearings from Italy and Yugoslavia, Invs. Nos. 731-TA-342 and 346 (Final), USITC Pub. 1999 at 17 (Aug. 1987).

1986 to January-June 1987. [16] Domestic consumption declined dramatically from 1984 to 1985 and then rebounded somewhat in 1986. As a result, the market penetration ratio of the cumulated imports (the imports as a percentage of apparent domestic consumption) increased even more sharply than absolute volume, moving from 5.2 percent in 1984 to 6.7 percent in 1985 and 7.2 percent in 1986. [17]

The Commission sought quarterly price data from both the producers and importers for the period January 1984-June 1987. In earlier investigations, the Commission asked for price data on their nontoll account sales for nine common brass sheet and strip products. In a toll account sale, the purchaser supplies the brass and pays the brass mill only a fabrication charge. In a nontoll account sale, the purchaser pays the mill for both the metal and the fabrication. Because of the transportation charges that are involved, toll account sales of imported brass sheet and strip are rare. However, for domestic producers toll account sales are larger than nontoll account sales. [18] [19] Because the imports compete directly in the nontoll account market segment, our analysis focuses on prices in that segment.

16/ Report at Tables 14 and 15. These figures reflect primarily changes in the volume of imports from Japan, as the volume of imports from The Netherlands declined marginally from 1984 to 1986 and then increased somewhat during the first six months of 1987 when compared to the imports during the same period of 1986. Id.

17/ Id.

18/ Report at A-33.

19/ During the investigations, petitioners questioned the Commission's selection of those nine products. The Commission will carefully consider its product designations for pricing data purposes in the event of any final investigation.

Domestic producers' nontoll account prices showed a generally stable or declining pattern of prices. When domestic producers' prices for nontoll account sales are compared with importers' prices for such sales, the trends are very similar over the period of investigation. 20/ Price levels did not improve significantly with the strengthening market in 1984 and interim 1987. The price data also reveal that the imports subject to investigation undersold the comparable domestic product in 52 of the 60 available price comparisons. 21/ 22/ Although the exact margins of underselling are confidential, 23/ the range of margins was substantial and, in six of the seven product categories for which data are available, the upper end of the range exceeded 12 percent.

The respondents asserted that the imported brass is of significantly better quality than the domestic brass, and argued that purchasers preferred

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20/ Report at Tables 17 and 18. We use these price data with caution because they cover only 7.0 percent of domestic producers' 1986 nontoll domestic shipments, 7.3 percent of total 1986 Japanese shipments, and a confidential, but relatively small, portion of 1986 Dutch shipments. Report at A-38 and A-41.

21/ Report at A-43 and A-45.

22/ Vice Chairman Brunsdale takes note of the "underselling" evidence gathered in these preliminary investigations but, based on all the information obtained thus far, she is unable to discern how this evidence bears on the issue of reasonable indication that allegedly dumped imports are a cause of material injury. Should these investigations continue to the final phase she would like parties to brief the following issues: (1) how dumped imports affected price of the imported article and the relative magnitude of this effect (2) how the changed import price affected the price of the like product and the relative magnitude of this effect, and (3) how the changed price of the like product affected domestic shipments and domestic industry sales and the relative magnitudes of these effects.

23/ Id. at Table 20.

the imports. [24/] Interviews with purchasers confirmed that quality plays a significant role in purchasing decisions and that, in fact, some of the imports sell at higher prices than the comparable domestic product because of quality. [25/] Nevertheless, those interviews also indicated that price is a significant competitive factor. [26/] [27/]

Accordingly, we conclude that there is a reasonable indication that the domestic industry is materially injured by reason of imports of brass sheet

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24/ E.g., Commonwealth Metal Corp. postconference brief at 19; Metallverken Nederland postconference brief at 5-6; Tr. at 152, 156, and 159. These assertions are buttressed by letters from brass purchasers supplied by the respondents.

25/ Tr. at 118-19, 120-21, 122-23, 127, and 129. But see Tr. at 107, 147-48.

26/ Report at A-48.

27/ Cambridge-Lee Industries, Inc., one of the respondents, urged the Commission to "exclude" brass sheet in 48" widths from the investigation on the grounds that no U.S. producer can supply sheet in this width and that these products have particular end-use applications for which narrower widths are unsuitable. Cambridge-Lee brief at 5-6; Tr. at 174-76. Petitioners, however, submitted evidence that "the demand for 48-inch wide architectural Muntz metal represents simply a preference by end-users and that, in fact, the 36-inch wide architectural Muntz metal can be used as a substitute. Petitioners' postconference brief at Exhibit 2. The Commission received insufficient information to be able to resolve this question at this time and, accordingly, cannot find that there is no reasonable indication that the 48" wide material is a cause of material injury. In the event of a final investigation, this matter will be considered in detail. Cambridge-Lee has also asserted that U.S. producers practice "selective distribution," in that they choose not to sell certain products to certain producers. Cambridge-Lee postconference brief at 8-9; Tr. at 176-77. Although the allegation was made with particular reference to "mirror bright strip," it appears that this refers to a finishing process engaged in by the customer for which domestic brass is suitable. The Commission has found no evidence of domestic producers refusing to do business with purchasers. INV-K-101 (Aug. 25, 1987). Here again, if there is a final investigation, these matters will be examined in detail.

and strip from Japan and The Netherlands. 28/

28/ Vice Chairman Brunsdale notes that the upper ranges of the alleged margins in this case are high. Petitioners allege that the dumping margins for Japan range from 14.04 to 57.95 percent and that the dumping margins for The Netherlands range from 1.49 to 44.75 percent. She believes that the magnitude of the dumping margin is one factor, among others, that should be considered in determining whether there is a reasonable indication that unfair imports are a cause of material injury.

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ADDITIONAL VIEWS OF CHAIRMAN LIEBELER

Certain Brass Sheet and Strip from
Japan and the Netherlands
Inv. Nos. 731-TA-379 and 380 (Preliminary)

Based on the record in Investigations Nos. 731-TA-379 and 380 (Preliminary), I determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain brass sheet and strip from Japan and the Netherlands.[1/] I concur with the majority in their definitions of the like product and the domestic industry, and their discussions of the condition of the domestic industry and cumulation. Because my views on causation differ from those of the majority, I offer these additional views.

1/ Material retardation was not an issue in these investigations and will not be discussed further.

Material Injury by Reason of Imports

In order for a domestic industry to prevail in a preliminary investigation, the Commission must determine that there is a reasonable indication that the dumped or subsidized imports cause or threaten to cause material injury to the domestic industry producing the like product. The Commission must determine whether the domestic industry producing the like product is materially injured or is threatened with material injury, and whether any injury or threat thereof is by reason of the dumped or subsidized imports. Only if the Commission finds a reasonable indication of both injury and causation, will it make an affirmative determination in the investigation.

Before analyzing the data, however, the first question is whether the statute is clear or whether one must resort to the legislative history in order to interpret the relevant sections of the import relief law. In general, the accepted rule of statutory construction is that a statute, clear and unambiguous on its face, need not and cannot be interpreted using

secondary sources. Only statutes that are of doubtful meaning are subject to such statutory interpretation.[2/]

The statutory language used for both parts of the analysis is ambiguous. "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant."[3/] As for the causation test, "by reason of" lends itself to no easy interpretation, and has been the subject of much debate by past and present commissioners. Clearly, well-informed persons may differ as to the interpretation of the causation and material injury sections of title VII. Therefore, the legislative history becomes helpful in interpreting title VII.

The ambiguity arises in part because it is clear that the presence in the United States of additional foreign supply will always make the domestic industry worse off. Any time a foreign producer exports products to the United States, the increase in supply, ceteris paribus, must result in a lower price of the product than would ocherwise prevail. If a downward effect on price,

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2/ C. Sands, Sutherland Statutory Construction § 45.02 (4th ed., 1985.).

3/ 19 U.S.C. § 1977(7)(A)(1980).

accompanied by a Department of Commerce dumping or subsidy finding and a Commission finding that financial indicators were down were all that were required for an affirmative determination, there would be no need to inquire further into causation.

But the legislative history shows that the mere presence of LTFV imports is not sufficient to establish causation. In the legislative history to the Trade Agreements Acts of 1979, Congress stated:

> [T]he ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports.[4/]

The Finance Committee emphasized the need for an exhaustive causation analysis, stating, "the Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury."[5/]

The Senate Finance Committee acknowledged that the causation analysis would not be easy: "The determination

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4/ Report on the Trade Agreements Act of 1979, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

5/ Id.

of the ITC with respect to causation, is under current law, and will be, under section 735, complex and difficult, and is a matter for the judgment of the ITC."[6/] Since the domestic industry is no doubt worse off by the presence of any imports (whether LTFV or fairly traded) and Congress has directed that this is not enough upon which to base an affirmative determination, the Commission must delve further to find what condition Congress has attempted to remedy.

In the legislative history to the 1974 Act, the Senate Finance Committee stated:

> This Act is not a 'protectionist' statute designed to bar or restrict U.S. imports; rather, it is a statute designed to free U.S. imports from unfair price discrimination practices. * * * The Antidumping Act is designed to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry.[7/]

Thus, the focus of the analysis must be on what constitutes unfair price discrimination and what harm results therefrom:

6/ Id.

7/ Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

> [T]he Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S. market, even though the price of the imported product is lower than its home market price.[8/]

This "complex and difficult" judgment by the Commission is aided greatly by the use of economic and financial analysis. One of the most important assumptions of traditional microeconomic theory is that firms attempt to maximize profits.[9/] Congress was obviously familiar with the economist's tools: "[I]mporters as prudent businessmen dealing fairly would be interested in maximizing profits by selling at prices as high as the U.S. market would bear."[10/]

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a conclusion. In accord with economic theory and the legislative history, foreign firms should be presumed to

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8/ Id.

9/ See, e.g., P. Samuelson & W. Nordhaus, Economics 42-45 (12th ed. 1985); W. Nicholson, Intermediate Microeconomics and Its Application 7 (3d ed. 1983).

10/ Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

behave rationally. Therefore, if the factual setting in which the unfair imports occur does not support any gain to be had by unfair price discrimination, it is reasonable to conclude that any injury or threat of injury to the domestic industry is not "by reason of" such imports.

In many cases unfair price discrimination by a competitor would be irrational. In general, it is not rational to charge a price below that necessary to sell one's product. In certain circumstances, a firm may try to capture a sufficient market share to be able to raise its price in the future. To move from a position where the firm has no market power to a position where the firm has such power, the firm may lower its price below that which is necessary to meet competition. It is this condition which Congress must have meant when it charged us "to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry."[11/]

In Certain Red Raspberries from Canada, I set forth a framework for examining what factual setting would merit

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11/ Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

an affirmative finding under the law interpreted in light of the cited legislative history.[12/]

> The stronger the evidence of the following . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to entry to other foreign producers (low elasticity of supply of other imports).[13/]

The statute requires the Commission to examine the volume of imports, the effect of imports on prices, and the general impact of imports on domestic producers.[14/] The legislative history provides some guidance for applying these criteria. The factors incorporate both the statutory criteria and the guidance provided by the legislative history. Each of these factors is evaluated in turn.

Causation analysis

Examining import penetration is important because unfair price discrimination has as its goal, and cannot

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12/ Inv. No. 731-TA-196 (Final), USITC Pub. 1680 at 11-19 (1985) (Additional Views of Vice Chairman Liebeler).

13/ Id. at 16.

14/ 19 U.S.C. § 1677(7)(B)-(C) (1980 & cum. supp. 1985).

take place in the absence of, market power. Market penetration of imports of certain brass sheet and strip from Japan and the Netherlands increased from 5.2 percent of apparent U.S. consumption in 1984, to 6.7 percent in 1985, to 7.2 percent in 1986.[15/] Import penetration is increasing, but it is small and inconsistent with a finding of unfair price discrimination.

The second factor is a high margin of dumping or subsidy. The higher the margin, ceteris paribus, the more likely it is that the product is being sold below the competitive price[16/] and the more likely it is that the domestic producers will be adversely affected. In a preliminary investigation, the Commerce Department has not yet had time to calculate any margins. In this case, petitioner alleged margins ranging from 1.49 percent to 44.75 percent for imports from the Netherlands, and from 14.04 percent to 57.95 percent for imports from

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15/ Report at Table 15. The penetration figures presented here are measured on a quantity basis. I note that the import penetration figures are somewhat larger when measured on a value basis, although the general upward trend is the same.

16/ See text accompanying note 8, supra.

Japan.[17/] These margins range from very low to high. I will give the petitioner the benefit of the doubt in this preliminary investigation and presume that the margins are high and consistent with a finding of unfair price discrimination.

The third factor is the homogeneity of the products. The more homogeneous the products, the greater will be the effect of any allegedly unfair practice on domestic producers. While it appears that both imported and domestic products meet general industry specifications, there are allegations that some of the imported products are of a higher quality than those produced domestically.[18/] There thus appears to be a need for further data regarding this issue. Some such data may be gathered from purchasher questionnaires which are routinely sent out as part of Commission final investigations. Thus, while I find for purposes of this preliminary investigation that these products are substitutable, though not perfectly, I also note the need for further data of the kind obtained during final investigations in order to better analyze this issue.

17/ Report at A-7.

18/ See generally Tr. at 152, 156, and 159.

As to the fourth factor, evidence of declining domestic prices, ceteris paribus, might indicate that domestic producers were lowering their prices to maintain market share. Brass sheet and strip is sold in the United States on both a toll account and nontoll account basis. In a toll account agreement, the purchaser supplies the brass and pays the brass mill only a fabrication charge. In a nontoll account arrangement, the purchaser pays the mill for both the metal and the fabrication. Because the metal would have to be transported to foreign mills, toll account sales of imported brass sheet and strip are rare.[19/] Since imports essentially compete only in the nontoll account market, my analysis focuses on prices in that market. From 1984 to 1987, domestic producers' nontoll account prices showed a generally declining trend.[20/] This factor is not inconsistent with a finding of unfair price discrimination.

The fifth factor is foreign supply elasticity (barriers to entry). If there is low foreign elasticity of supply (or barriers to entry), it is more likely that a

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19/ Report at A-33.

20/ Report at Table 17.

producer can gain market power. While brass sheet and strip is imported from a wide variety of countries other than Japan and the Netherlands, the clear majority of foreign imports come, and have come, from Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany, countries which were subject to previous investigations and are now subject to countervailing duty and/or dumping orders.[21/] Market penetration from these above-listed countries has trended sharply lower in recent years as they became subject to investigation and then orders, while imports from Japan and the Netherlands have been generally increasing.[22/] Thus, outstanding dumping and/or countervailing duty orders against the above-listed countries may be acting like barriers to entry for them and enabling Japan and the Netherlands to gain/hold market share. While evidence on this issue is not

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21/ Report at A-2-3 and Table 15.

22/ Imports from Brazil, Canada, France, Italy, the Republic of Korrea, Sweden, and West Germany were 21.6 percent of apparent U.S. consumption in 1984, 19.2 percent for 1985, and 14.8 percent in 1986. For the first half of 1987, imports from these countries constituted only 7.0 percent of apparent U.S. consumption. Report at Table 15.

conclusive,[23/] there is some evidence of low foreign supply elasticity.

These factors must be considered in each case to reach a sound determination. Market share is in the low range, but has been generally increasing. At this stage the data on margins is too tentative from which to draw firm conclusions, although the potentially high nature of said margins weighs in favor of an affirmative determination. Similarly, data regarding product homogeneity is inconclusive, and data gathered during final investigations should enable a more precise analysis. Prices in the relevant nontoll account market have been generally declining, and there is some, albeit inconclusive, evidence of low foreign supply elasticity. Taken together, these factors weigh in favor of an affirmative preliminary determination.

23/ It should be noted that there are countries other than Japan and the Netherlands and those currently subject to order which also export brass sheet and strip to the United States, and while the market share of these other countries has been small, it has been increasing rather sharply. Report at Table 15.

Conclusion

Therefore, I conclude that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain brass sheet and strip from Japan and the Netherlands.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On July 20, 1987, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of American Brass, Buffalo, NY; Bridgeport Brass Corp., Indianapolis, IN; Chase Brass & Copper Co., Cleveland, OH; Hussey Copper Ltd., Leetsdale, PA; The Miller Co., Meriden, CT; Olin Corp. - Brass Group, East Alton, IL; and Revere Copper Products, Inc., Rome, NY. The petitioning firms are all members of the Copper & Brass Fabricators Council, Inc., made up of 18 copper and brass fabricating companies, which fully supports the petitions. The following trade unions are also petitioners: the International Association of Machinists & Aerospace Workers; the International Union, Allied Industrial Workers of America (AFL-CIO); the Mechanics Educational Society of America (Local 56); and the United Steelworkers of America (AFL-CIO/CLC).

The petitions allege that an industry in the United States is materially injured and threatened with material injury by reason of imports from Japan and the Netherlands of certain brass sheet and strip 1/ that are allegedly being sold in the United States at less than fair value (LTFV).

Accordingly, the Commission instituted, effective July 20, 1987, preliminary antidumping investigations Nos. 731-TA-379 (Preliminary) (Japan) and 731-TA-380 (Preliminary) (Netherlands), under section 733(a) of the Tariff Act of 1930, to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of the alleged LTFV imports of brass sheet and strip from the named countries.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of July 29, 1987 (52 F.R. 28352). 2/ The conference was held on August 12, 1987, 3/ and the Commission voted on these investigations on August 27, 1987.

1/ For purposes of these investigations, the term "certain brass sheet and strip" refers to brass sheet and strip of solid rectangular cross section, over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3960, 612.3982, and 612.3986 of the Tariff Schedules of the United States Annotated (TSUSA). The petitions limit the scope of the investigations to sheet and strip of brass alloys designated as "C20000-series" under the nomenclature and numbering system of the Unified Numbering System (UNS) or the equivalent "200-series" under the Copper Development Association (CDA) numbering system.

2/ Copies of the Commission's and Commerce's notices are shown in app. A.

3/ A list of witnesses appearing at the conference is presented in app. B.

The statute directs that the Commission make its determinations in these cases within 45 days after receipt of the petitions, or by September 3, 1987.

Previous Commission Investigations Concerning Brass Sheet and Strip

There have been nine previous Commission investigations concerning brass sheet and strip. On December 22, 1986, the Commission determined, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States was materially injured by reason of imports from Brazil (investigation No. 701-TA-269 (Final)) of certain brass sheet and strip, provided for in item 612.39 of the Tariff Schedules of the United States, which had been found by the Department of Commerce to be subsidized by the Government of Brazil. The Commission also determined, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States was materially injured by reason of imports from Brazil (investigation No. 731-TA-311 (Final)), Canada (investigation No. 731-TA-312 (Final)), and Korea (investigation No. 731-TA-315 (Final)) of certain brass sheet and strip, 1/ provided for in item 612.39 of the Tariff Schedules of the United States, which had been found by the Department of Commerce to be sold in the United States at LTFV. 2/

On February 19, 1987, the Commission determined, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States was materially injured by reason of imports from France (investigation No. 701-TA-270 (Final)) of certain brass sheet and strip, provided for in item 612.39 of the Tariff Schedules of the United States, which had been found by the Department of Commerce to be subsidized by the Government of France. The Commission also determined, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States was materially injured by reason of imports from France (investigation No. 731-TA-313 (Final)), Italy (investigation No. 731-TA-314 (Final)), Sweden (investigation No. 731-TA-316 (Final)), and West Germany (investigation No. 731-TA-317 (Final)) of certain brass sheet and strip, 3/ provided for in item

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1/ Certain Brass Sheet and Strip from Brazil, Canada, and the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-269 (Final) Under the Tariff Act of 1930 and Determinations of the Commission in Investigations Nos. 731-TA-311, 312, and 315 (Final). . ., USITC Publication 1930, December 1986.

2/ Chairman Liebeler and Vice Chairman Brunsdale determined in all of those investigations that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports from the countries subject to those investigations.

3/ Certain Brass Sheet and Strip from France, Italy, Sweden, and West Germany: Determination of the Commission in Investigation No. 701-TA-270 (Final) Under the Tariff Act of 1930 and Determinations of the Commission in Investigations Nos. 731-TA-313, 314, 316, and 317 (Final). . ., USITC Publication 1951, February 1987.

612.39 of the Tariff Schedules of the United States, which had been found by the Department of Commerce to be sold in the United States at LTFV. 1/

The Product

Description

The subject of these investigations is wrought 2/ sheet and strip of brass, of solid rectangular cross section, over 0.006 inch but not over 0.188 inch in thickness, 3/ in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, meeting the composition specifications of the Unified Numbering System for Metals and Alloys (UNS) C20000-series 4/ or the Copper Development Association (CDA) 200-series. 5/ For purposes of the Tariff Schedules of the United States (TSUS), brass sheet is over 20 inches in width, and brass strip is not over 20 inches in width. However, the generally accepted industry distinction between brass sheet and strip is that brass strip consists of brass that is coiled or wound on reels of whatever gauge and width, and brass sheet consists of brass that is no longer coiled or wound but has been cut to length.

1/ Chairman Liebeler and Vice Chairman Brunsdale determined in all of those investigations that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports from the countries subject to those investigations.

2/ The term "wrought" refers to products that have been rolled, forged, drawn, or extruded, and also refers to cast or sintered products that have been machined or processed otherwise than by simple trimming, scalping, or descaling.

3/ Gauges of 0.006 inch and below are considered to be foil, and gauges over 0.188 inch are considered to be plate.

4/ The UNS is managed jointly by the American Society for Testing and Materials and the Society of Automotive Engineers.

5/ Brass is an alloy of copper (not including nickel silver) in which zinc is the principal alloying element, with or without small quantities of other elements. There are three general categories of brasses: copper-zinc alloys (brasses) covered by the UNS C20000-series, copper-zinc-lead alloys (leaded brasses) covered by the UNS C30000-series, and copper-zinc-tin alloys (tin brasses) covered by the UNS C40000-series. The UNS C20000-series represents the bulk (approximately 90 percent in 1985) of U.S. production of brass sheet and strip. Petitioners state that leaded and tin brasses are essentially not competitive with UNS C20000-series brasses. In the petitions in the investigations, pp. 8 and 9, petitioners state that the high-machining abilities of leaded brasses and extremely high strength and spring characteristics of tin brasses cause these alloys frequently to be incompatible with normal UNS C20000-series uses. The additional processing expenses required for lead and tin brasses and the higher metal cost for the tin brasses make substitution of these brasses for the UNS C20000-series brasses unusual.

Manufacturing process

The manufacturing process for brass sheet and strip involves casting, rolling, and finishing of the brass sheet and strip. 1/ The brass casting process begins with the acquisition of raw materials, i.e., virgin or selected copper, zinc, other elements, or scrap brass. Brass mills often obtain raw materials through "tolling" arrangements, whereby customers provide the mills with raw materials and pay them a fee to have the materials converted into brass sheet and strip. Scrap is also obtained from captive operations, from scrap dealers, from scrap brokers, or from customers in "buy-back arrangements." 2/

In the predominant casting process for brass sheet and strip, raw materials are measured and placed in a melting furnace; samples of the melted material are then analyzed to ensure that correct compositions have been achieved. Then the melted material is poured into a holding furnace. When the holding furnace is sufficiently filled, the molten brass is directed from the holding furnace into single or multiple molds. These molds or dies are approximately 1 foot thick and are open at the bottom. The molds rest on a piston device that is enclosed in a water-filled cylinder. As a mold fills with molten brass, the piston is gradually lowered, and the brass cools and hardens as it is exposed to the water; hence, the term "direct chill technique" is applied to this casting process. The casting operations produce brass ingots that are roughly 5 to 7 inches thick, 26 to 30 inches wide, 25 feet long, and weigh over 10,000 pounds. Once the ingots are cast, they are removed from the casting equipment. Before further processing, the ingots are trimmed and tested for structural integrity.

At this point, rolling operations begin with hot-breakdown rolling. The ingots are heated, rolled (reducing them in thickness from approximately 5 to 7 inches in thickness to less than 0.5 inch), cooled, and coiled. The material is then milled to eliminate surface irregularities and then is further reduced in thickness to 0.188 inch or less through cold-breakdown rolling. The extent of further processing is entirely dependent on customer requirements. 3/ In general, the material typically undergoes a variety of additional operations, such as annealing, 4/ cleaning, rolling to final thickness on "four high" or

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1/ Firms that cast, roll, and finish brass sheet and strip are vertically integrated producers, known as brass mills.

2/ Brass mills generally buy back, in the form of scrap, a percentage of materials purchased by customers. The percentage tends to be based on each customer's scrap generation rate.

3/ Material purchased by firms known as rerollers, which have processing equipment of their own, might require little or no further processing by the brass mill.

4/ According to a brochure on the production process published by Olin Corp., in order to allow continued cold reduction or to soften the metal for forming, it is necessary to anneal the metal by heating it. In strip annealing, a coil of metal is unwound and fed continuously through a furnace. It is then cleaned, dried, and recoiled in line with the furnace. In the bell annealing process, coils of metal are placed on a platform and covered by a retort or bell; the metal is then heated in a protective atmosphere by a furnace placed over the bell. The choice of annealing process is determined by such factors as strip thickness, alloy, final product specifications.

"Sendzimir cluster" mills, tension leveling, slitting (to achieve a desired width), and cutting to length to meet customer specifications. 1/ Once all operations are completed, the material is packed and shipped. Granges Metallverken Nederland BV (Metallverken), the only known producer in the Netherlands, claims to have a unique production process that eliminates hot-breakdown rolling and, as a result, has lower production costs than U.S. brass mills. 2/

Uses

The chief characteristics of the UNS C20000-series of brasses are ease of manufacture, fair electrical conductivity, excellent forming and drawing properties, and good strength. They are used in many different types of applications, e.g., ammunition, automotive radiators, coins, door hardware and bathroom accessories, electrical connectors, jewelry, and lamp bases.

Reroll and finished product

Counsel for some respondents in the previous brass sheet and strip investigations contended that brass material to be rerolled (reroll) is a separate and distinct product from finished brass sheet and strip (finished product), and that although they are covered by the same TSUS item, reroll and the finished product are different products. The following were some of the alleged differences: reroll is an intermediate product; reroll usually has a thicker gauge than the finished product; reroll has different physical and metallurgical characteristics, qualities, prices, and uses that prevent it from being fungible or interchangeable with the finished product; and reroll is sold to rerollers, a different market from end users and distributors of the finished product.

Counsel for the petitioners contended that there is no justification for defining reroll and the finished product as separate like products because reroll is nothing more than brass sheet and strip that can be reduced by further rolling to thinner gauges and that reroll is dedicated to the same uses as is finished brass sheet and strip. Moreover, counsel contended that reroll and the finished product have the same metallurgical characteristics, are made in the same manner, and have the same applications, and that reroll can be, and often is, sold as a finished product without extra processing.

In the previous preliminary and final investigations, the Commission examined the issue of whether reroll and the finished product constitute a single like product or separate like products. The Commission found that there

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1/ A new facility constructed in Shelby, NC, by Chase Brass & Copper Co. uses a different casting process in which a small diameter rod is cast vertically, hot rolled and cold rolled in line, annealed, and coiled.
2/ Postconference brief on behalf of Metallverken.

is a single "like product," brass sheet and strip, which includes reroll and the finished product. The issue of reroll as a separate like product has not been raised by parties in the instant investigations.

U.S. tariff treatment

Imports of wrought brass sheet and strip meeting the specifications for brasses of the UNS C20000-series, other than clad sheets, the foregoing not cut, pressed, or stamped to nonrectangular shapes, are classified in TSUS item 612.39 and reported for statistical purposes under TSUSA items 612.3960 (sheets), 612.3982 (strips under 1/16 inch in thickness), and 612.3986 (strips 1/16 inch or more in thickness). The current column 1-a rate of duty for the subject brass sheet and strip, applicable to imports from Japan and the Netherlands, is 1.9 percent ad valorem. 1/ The Special duty rate, applicable in this instance under the Generalized System of Preferences (GSP) to eligible products of designated beneficiary developing countries, is free. Petitioners, in anticipation of the adoption of the Harmonized System, note that under the nomenclature structure proposed by that system, the brass sheet and strip subject to these investigations would be classified in subheadings 7409.21.0050, 7409.21.0075, 7409.29.0050, and 7409.29.0075 of the converted U.S. Tariff Schedule. Such provisions have a proposed column 1-general rate of duty of 1.9 percent ad valorem.

The Nature and Extent of Alleged Sales at LTFV

The petitioners estimated the Japanese margins of dumping in three different ways. First, actual transaction prices of brass sheet and strip in Japan and in the United States were compared. Second, foreign market transaction prices were compared with Japanese sales and offers to sell in the United States. Third, foreign market transaction prices were compared with average unit values compiled by the U.S. Department of Commerce. On the basis of these calculations, petitioners allege that the LTFV margins for Japan range

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1/ Rates of duty for TSUS item 612.39 are divided into col. 1-a and col. 1-b rates of duty. Col. 1-a rates apply when the market price of copper is 24 cents or more per pound. Col. 1-b rates apply when the market price of copper is under 24 cents per pound, but copper prices have averaged well above that level in the 1980's. The col. 1-b rate is 0.9 cent per pound on copper content + 0.9 cent per pound. The rates of duty in col. 1 (or in this instance 1-a or 1-b) are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. However, MFN rates would not apply if preferential tariff treatment is sought and granted to products of developing countries under the GSP or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's), as provided under the Special rates of duty column. In addition, pursuant to the Omnibus Budget Reconciliation Act of 1986, a user fee of 0.22 percent ad valorem on most imports took effect on Dec. 1, 1986.

from 14.04 to 57.95 percent, depending on product specifications, and typically were approximately 35 percent ad valorem.

The petitioners calculated LTFV margins for the Netherlands by comparing estimated home-market prices in the Netherlands with average unit values of U.S. imports of brass sheet and strip calculated from Commerce statistics or with prices on actual U.S. sales or offers of sales. Petitioners estimated home-market prices in the Netherlands by separately calculating amounts for the two components of selling price, metal values and fabrication charges. On the basis of these calculations, petitioners allege that the LTFV margins for the Netherlands range from 1.49 to 44.75 percent.

The Domestic Market

U.S. consumption

The data on apparent U.S. consumption of C20000-series brass sheet and strip presented in this report are composed of reported U.S. brass mills' domestic shipments of C20000-series brass sheet and strip, and imports of all series of brass sheet and strip as reported in official statistics of the U.S. Department of Commerce. In the previous Commission final investigations on brass sheet and strip, C20000-series brass sheet and strip accounted for about 95 percent of total imports as reported by Commerce. Therefore, for the purposes of these preliminary investigations, all imports from Japan and the Netherlands are assumed to be C20000-series brass sheet and strip. This assumption is supported by the responses received to the Commission's importer's questionnaire.

On the basis of the data presented in table 1, apparent consumption of C20000-series brass sheet and strip decreased from 639.9 million pounds in 1984 to 517.1 million pounds in 1985, or by 19.2 percent, and then increased to 522.2 million pounds in 1986, or by 1.0 percent. It should be noted that 1984 was one of the best years ever for the brass sheet and strip industry. 1/ Apparent consumption was 293.2 million pounds during January-June 1987, representing an increase of 6.0 percent from the level of apparent consumption in the corresponding period of 1986.

In order to help explain why apparent consumption increased substantially in 1984 2/ and decreased substantially in 1985, data were obtained from the Copper Development Association (CDA), Greenwich, CT, on shipments by primary brass mills of strip, sheet, and plate of brass and copper alloys, other than nickel silver and phosphor bronze, by end-use sector. Although the CDA data

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1/ Transcript of conference at p. 76.
2/ According to data obtained during the Commission's previous final investigations, apparent consumption in 1983 was 527.8 million pounds, or about 18 percent less than consumption in 1984.

Table 1.--Brass sheet and strip, C20000-series: U.S. brass mills' domestic shipments, U.S. imports, and apparent U.S. consumption, 1984-86, January-June 1986, and January-June 1987

(In thousands of pounds)

Item	1984	1985	1986	January-June-- 1986	1987
U.S. brass mills' domestic shipments 1/..	455,857	372,580	390,110	203,244	243,701
U.S. imports 2/ from--					
Japan.....	17,934	19,194	22,919	11,548	10,326
Netherlands.....	15,630	15,406	14,920	7,620	7,983
Subtotal.....	33,564	34,600	37,839	19,169	18,310
All other countries....	150,479	109,939	94,274	54,309	31,214
Total.....	184,043	144,539	132,113	73,478	49,524
Apparent U.S. consumption.....	639,900	517,119	522,223	276,722	293,225

1/ Includes captive consumption (intra- and intercompany transfers).
2/ Consists of official statistics of the U.S. Department of Commerce for all series of brass sheet and strip.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

include more than simply C20000-series brass sheet and strip 1/ and record shipments to rerollers, redrawers, and distributors as end-use shipments (when in fact such shipments are then resold to actual end-use markets), the CDA data are generally indicative of the actual shifts in consumption by end-use sector experienced by C20000-series brass sheet and strip. Such data are presented in table 2. Between 1984 and 1985, virtually all the major end-use sectors experienced decreases in purchases from primary brass mills, with the largest absolute decreases occurring in rerollers and redrawers, transportation equipment, electrical and electronic products, and Government coinage. Between 1985 and 1986, some of the major end-use sectors experienced decreases (transportation equipment, ordnance, and Government coinage), whereas other end-use sectors experienced increases (distributors, rerollers and redrawers, and electrical and electronic products).

1/ C20000-series brass sheet and strip accounted for most (72.7 percent in 1986) of the CDA data on total alloy sheet, strip, and plate presented in this report. The 72.7 percent figure is based on data appearing in Market Data, Copper Development Association, Inc.

Table 2.--Strip, sheet, and plate of brass and copper alloys: 1/ Shipments from primary brass mills, by end-use sector, 1984-86, January-June 1986, and January-June 1987.

(In millions of pounds)

End-use sector	1984	1985	1986	Jan.-June-- 1986	Jan.-June-- 1987
Transportation equipment 2/.....	134.8	115.9	104.1	53.9	56.8
Ordnance 3/.....	81.0	81.4	67.9	37.9	38.6
Distributors.....	93.4	67.0	92.2	46.6	65.0
Rerollers and redrawers.....	111.6	66.8	84.8	45.7	54.1
Electrical and electronic products..	58.5	37.9	46.6	27.0	31.4
Government coinage.....	45.5	29.5	20.9	11.0	8.4
Stampings.....	22.6	20.8	23.6	12.2	12.9
Building products 4/.....	30.7	19.3	23.6	12.8	12.2
All other end-use sectors.....	53.1	43.4	39.3	23.4	20.4
Total.....	631.2	481.9	503.0	270.5	299.8

1/ Other than nickel silver and phosphor bronze.
2/ Mainly automotive nonelectrical.
3/ Mainly military ordnance.
4/ Mainly builders' hardware.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Copper Development Association, Market Data, February 1987 and July 1987.

U.S. producers

Brass mills.--The petitioners define the U.S. industry as firms that cast, roll, and finish brass sheet and strip, known in the industry as brass mills. There are 10 known brass mills that produce C20000-series brass sheet and strip: 7 of these firms are petitioners in these investigations. One firm * * *. Another firm * * *. The other firm * * *. 1/ The nine firms that filed questionnaires (accounting for an estimated *** percent of 1986 shipments of all shipments of C20000-series brass sheet and strip by U.S. brass mills), the locations of their facilities, and their share of reported brass mills' shipments of C20000-series brass sheet and strip in 1986, are presented in the following tabulation (in percent):

Firm and plant locations	Share of brass mills' shipments in 1986
* * * * * * *	
Total.....	100.0

1/ * * *.

* * * of the brass mills * * * accounted for 76.8 percent of aggregate shipments of C20000-series brass sheet and strip by brass mills in 1984, 82.9 percent in 1985, 78.9 percent in 1986, and 76.1 percent during January-June 1987. Each of the 10 brass mills is discussed below.

American Brass, Buffalo, NY, a petitioner in these investigations, was a wholly owned subsidiary of Atlantic Richfield Co. until December 1985, when it was sold to a limited partnership. American Brass' principal facility for C20000-series brass sheet and strip is located in Buffalo, NY; a second facility, located in Kenosha, WI, performs rerolling of C20000-series brass sheet and strip. Between late 1981 and early 1985, the Buffalo plant's sheet mill was expanded and modernized. In addition to the Buffalo and Kenosha facilities, American Brass had a brass facility in Paramount, CA, which was expanded and modernized beginning in late 1982 and ending in late 1983; however, the Paramount facility was sold to Cerro Metal Products, Paramount, CA, in December 1985 and subsequently was closed.

Bridgeport Brass Corp., Indianapolis, IN, a petitioner in these investigations, was incorporated in March 1984 and purchased a facility in Indianapolis from National Distiller & Chemical Corp. in August 1984. In addition, Bridgeport owns Bryan Metals Co., Bryan, OH, which is a reroller that Bridgeport purchased from Metallverken, Inc., an importer of brass sheet and strip, in July 1985. On October 24, 1986, Bridgeport was purchased by a private party. On December 8, 1986, Bridgeport's union (the United Steelworkers of America, a petitioner in these investigations) accepted a 15-percent wage cut and changes in work rules, thereby avoiding a possible closure of Bridgeport's facility in Indianapolis. The pay cut was also applicable to Bridgeport's salaried workers.

Chase Brass & Copper Co., Cleveland, OH, a petitioner in these investigations, is wholly owned by the Standard Oil Co. Chase's principal production facility is located in Cleveland, OH; and Chase has constructed a new production facility in Shelby, NC.

Olin Corp. (Brass Division), a petitioner in these investigations, has production facilities located in East Alton, IL. Olin also owns Somers Thin Strip, a reroller in Waterbury, CT.

Plume & Atwood Brass Mill, Thomaston, CT, is not a petitioner in these investigations and * * *. Plume & Atwood is owned by Diversified Industries, Inc., St. Louis, MO. Plume & Atwood's production facility is located in Thomaston, CT.

Revere Copper Products, Inc., Rome, NY, a petitioner in these investigations, is a wholly owned subsidiary of Revere Copper & Brass, Inc., Stamford, CT. The production facility of Revere Copper Products, Inc., is located in Rome, NY.

Hussey Copper Ltd., Leetsdale, PA, a petitioner in these investigations, produces at its facility in Leetsdale. The Miller Co., Meriden, CT, a petitioner in these investigations, produces at its facility in Meriden, CT. MRM Industries, Inc., Meriden, CT, which is not a petitioner in these investigations, * * *, produces at its production facility in Meriden, CT.

United Technologies Automotive (UTA), Automotive Products Division, Huntington, IN, operates a brass mill in Quincy, MI (APD - Quincy Brass Mill). UTA is owned by United Technologies Corp., Hartford, CT. * * *.

Rerollers.--Firms known as "rerollers" do not cast brass, but rather purchase intermediate-to-heavy-gauge brass sheet or strip from domestic or foreign sources and then perform additional processing (which includes at least a series of rolling and annealing steps) to convert the material into finished brass sheet or strip. The producer's questionnaire in the subject investigations was sent to 13 firms known or believed to be rerollers, as well as to the primary brass mills. No rerollers responded to the Commission's questionnaires in the previous preliminary investigations nor did any rerollers respond to the questionnaires issued in connection with the instant investigations. In the previous final investigations, 6 of the 13 rerollers provided data in response to the questionnaires. Of the remaining seven firms, three indicated that they had not produced or rerolled C20000-series brass sheet and strip during the period covered by the investigations, three indicated that the amounts of rerolled C20000-series brass sheet and strip were negligible and one is out of business. Information provided by rerollers in the previous final investigations was discussed in previous Commission reports. 1/ Rerollers are not discussed further in this report because no new information about this segment of the brass sheet and strip industry has been received.

U.S. importers

Information provided by the U.S. Customs Service identified about 60 importers of brass sheet and strip from Japan and the Netherlands. Most of the importers imported only small quantities; nevertheless, questionnaires were sent to all of the known importers. Questionnaire responses were received from the 12 importers tabulated below:

Importer	Office Location	Country of origin of the imported goods
* * *	* * *	* * *

The firms listed above accounted for 76.4 percent of the total quantity of brass sheet and strip imported from Japan in 1984 as reported in official statistics of the U.S. Department of Commerce, 80.6 percent in 1985, and 75.0 percent in 1986. Further, these firms accounted for only 12.2 percent of the brass sheet and strip imported from the Netherlands in 1984, but accounted for 99.6 percent of 1985 imports and 102.6 percent of 1986 imports as reported in official statistics of the U.S. Department of Commerce. The low coverage for 1984 resulted from * * *.

1/ For the latest and most compressive information, see Certain Brass Sheet and Strip from France, Italy, Sweden, and West Germany: Determination of the Commission in Investigation No. 701-TA-270 (Final) Under the Tariff Act of 1930 and Determinations of the Commission in Investigations Nos. 731-TA-313, 314, 316, and 317 (Final). . . ., USITC Publication 1951, February 1987.

Consideration of Alleged Material Injury

In order to gather data on the question of material injury to the U.S. industry producing brass sheet and strip, questionnaires were sent to the nine brass mills listed in the petition and to three other firms that were believed to have brass-casting capabilities. Questionnaires were also sent to 13 firms that were known to be rerollers or were believed to have rerolling capabilities. The aggregate data appearing in this section of the report are for the nine brass mills that responded to the Commission's questionnaires.

U.S. production, capacity, and capacity utilization

U.S. production of C20000-series brass sheet and strip by brass mills decreased by 17.1 percent from 1984 to 1985 and then increased by 4.8 percent in 1986 (table 3). As previously noted, 1984 was an exceptionally good year for the brass sheet and strip industry. Production during January-June 1987 amounted to 237.8 million pounds, representing an increase of 17.6 percent compared with the level of production in the corresponding period of 1986. C20000-series brass sheet and strip accounted for 92.6 percent of total reported production of brass sheet and strip in 1984, 90.8 percent in 1985, 91.2 percent in 1986, and 92.6 percent during January-June 1987.

The Commission requested brass mills to provide data on their end-of-period and average-for-period practical capacity 1/ for 1984-86, January-June 1986, and January-June 1987. Since most of the equipment used to produce C20000-series brass sheet and strip can also be used to produce other types of brass sheet and strip (and vice versa), a number of firms reported the same capacity figure for C20000-series brass sheet and strip and for all brass sheet and strip. Other firms made allocations based on product mix. It is important to realize that the period-to-period capacity fluctuations and the variations between end-of-period and average-for-period capacity shown in table 3 are heavily influenced by product mix, and do not clearly indicate the extent of equipment addition or dismantling that would normally lead to capacity variations.

The principal observation that can be made from the capacity data in table 3 is that capacity appeared to increase in 1985 and decrease in 1986. Capacity reported for January-June 1987 was virtually the same as that reported for January-June 1986.

U.S. producers' shipments

Domestic shipments (including intracompany and intercompany transfers) of C20000-series brass sheet and strip by brass mills decreased from 455.9 million

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1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operations.

Table 3.--Brass sheet and strip: U.S. production, practical capacity, 1/ and capacity utilization of brass mills, 1984-86, January-June 1986, and January-June 1987

Item	1984	1985	1986	January-June-- 1986	1987
Production:					
C20000-series brass sheet and strip 1,000 pounds..	455,783	377,705	396,014	202,153	237,820
All brass sheet and strip.....1,000 pounds..	492,077	415,982	434,296	220,784	256,757
Practical capacity: 1/					
C20000-series brass sheet and strip..1,000 pounds..	616,695	640,321	598,020	299,066	298,992
All brass sheet and strip 1,000 pounds..	646,353	680,727	637,764	318,938	316,864
Capacity utilization:					
C20000-series brass sheet and strip.....percent..	73.9	59.0	66.2	67.6	79.5
All brass sheet and strip.....percent..	76.1	61.1	68.1	69.2	81.0

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operations.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

pounds in 1984 to 372.6 million pounds in 1985, or by 18.3 percent, then increased to 390.1 million pounds in 1986, or by 4.7 percent (table 4). U.S. brass mills' domestic shipments during January-June 1987 amounted to 243.7 million pounds, representing an increase of 19.9 percent compared with the amount shipped in the corresponding period of 1986.

U.S. brass mills' intracompany and intercompany transfers decreased 3.4 percent from 1984 to 1985 and 5.1 percent from 1985 to 1986. Intracompany transfers increased 15.1 percent during January-June 1987 compared with those during the corresponding period of 1986.

U.S. brass mills' domestic shipments of reroll decreased from *** million pounds in 1984 to *** million pounds in 1985, or by 23.4 percent, then increased to *** million pounds in 1986, or by 7.2 percent (table 4). U.S. brass mills' domestic shipments of reroll during January-June 1987 amounted to *** million pounds, representing an increase of 8.9 percent from the level of domestic shipments of reroll during the corresponding period of 1986.

Table 4.--Brass sheet and strip, C20000-series: Shipments of U.S. brass mills, by types, 1984-86, January-June 1986, and January-June 1987

Item	1984	1985	1986	January-June-- 1986	1987
	Quantity (1,000 pounds)				
Intracompany and intercompany transfers..	***	***	***	***	***
Domestic shipments, excluding reroll:					
Toll 1/2/.....	81,641	57,420	67,169	36,312	37,808
Other than toll 1/2/....	167,640	137,244	143,929	71,418	98,939
Domestic shipments of reroll 1/3/4/.....	***	***	***	***	***
Subtotal, domestic shipments (including intracompany and intercompany transfers).....	455,857	372,580	390,110	203,244	243,701
Export shipments.....	***	***	***	***	***
Total.....	***	***	***	***	***
	Value (1,000 dollars)				
Intracompany and intercompany transfers..	***	***	***	***	***
Domestic shipments, excluding reroll:					
Toll 1/2/.....	***	***	***	***	***
Other than toll 1/2/....	***	***	***	***	***
Domestic shipments of reroll 1/3/4/.....	***	***	***	***	***
Subtotal, domestic shipments (including intracompany and intercompany transfers).....	319,070	264,771	263,346	137,757	170,745
Export shipments.....	***	***	***	***	***
Total.....	***	***	***	***	***

1/ Most firms do not keep their records in such a way as to be able to provide precise data for toll shipments of "finished product," nontoll shipments of finished product, reroll shipments, toll shipments of reroll, and so forth. However, most producers provided the best estimates they could prepare within the time constraints for completion of the questionnaires.
2/ Includes an undetermined amount of shipments of reroll by * * *.
3/ Excludes * * *, which was not able to provide separate data on its domestic shipments of reroll.
4/ * * * of the domestic shipments of reroll are on a toll basis.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. brass mills' export shipments * * * from 1984 to 1985 then * * * from 1985 to 1986. Exports during January-June 1987 were *** percent * * * those of the corresponding period of 1986. However, export shipments were a small fraction of total shipments of C20000-series brass sheet and strip in each period, reaching a maximum of *** percent, by quantity, in * * *. The relatively large export shipments in * * * were principally due to * * *. Most of the remainder of U.S. brass mills' exports were to * * *.

The total value of U.S. brass mills' domestic shipments decreased from $319.1 million in 1984 to $264.8 million in 1985, a drop of 17.0 percent, and the value of domestic shipments declined by another 0.6 percent from 1985 to 1986. The total value of domestic shipments increased 24.0 percent during January-June 1987 when compared with that in the corresponding period of 1986. The value of intracompany transfers decreased *** percent from 1984 to 1985 and *** percent from 1985 to 1986; they increased *** percent during January-June 1987 when compared with such transfers during the corresponding period of 1986. The value of all U.S. brass-mill shipments decreased *** percent from 1984 to 1985 and declined *** percent from 1985 to 1986. Total shipment value increased *** percent during January-June 1987 when compared with the value during the corresponding period of 1986. Value data should be used with caution because of the distortions that could occur if toll shipments, which exclude metal value, are added with other-than-toll shipments, which include metal value.

U.S. producers' inventories

The inventory data reported by brass mills and presented herein are on a finished-goods basis and may include small quantities of finished goods other than C20000-series brass sheet and strip. The brass mills' end-of-period inventories are presented in the following tabulation:

Date	Inventories (1,000 pounds)	Share of brass mills' domestic shipments during the preceding period (percent)
Dec. 31--		
1983.....	32,289	1/
1984.....	30,007	6.6
1985.....	24,427	6.6
1986.....	29,545	7.6
June 30--		
1986.....	23,613	2/ 5.8
1987.....	25,020	2/ 5.1

1/ Not available.
2/ Based on annualized shipment data.

The brass mills' inventories of C20000-series brass sheet and strip decreased by 7.1 percent between December 31, 1983, and December 31, 1984; decreased by 18.6 percent between December 31, 1984, and December 31, 1985; and increased by 20.7 percent between December 31, 1985, and December 31, 1986. Inventories on June 30, 1987, were 6.0 percent above the level of inventories on June 30, 1986. As a share of the brass mills' total shipments during the preceding period, inventories were relatively stable during the period covered.

Employment and wages

The brass mills employment of workers producing C20000-series brass sheet and strip decreased 15.4 percent from 1984 to 1985 and decreased further, 5.5 percent, from 1985 to 1986. Employment of such workers increased 6.4 percent during January-June 1987 when compared with employment during the corresponding period of 1986 (table 5). Hours worked producing C20000-series brass sheet and strip decreased 19.9 percent from 1984 to 1985 and decreased slightly (0.1 percent) from 1985 to 1986. Hours worked increased 11.0 percent during January-June 1987 compared with hours in January-June 1986. Wages paid to workers producing C20000-series brass sheet and strip fell 18.6 percent from 1984 to 1985 before increasing 5.1 percent from 1985 to 1986. Wages paid to such workers increased 10.2 percent during January-June 1987 compared with those in the corresponding period of 1986.

Average hourly wages paid to workers producing C20000-series brass sheet and strip increased 1.6 percent from 1984 to 1985 and increased 5.2 percent from 1985 to 1986. Hourly wages declined slightly (0.7 percent) during January-June 1987 when compared with January-June 1986 hourly wages. Productivity, measured as pounds produced per hour worked, increased 19.3 percent during the period covered.

Financial experience of U.S. producers

Seven brass mills provided usable income-and-loss data on the overall operations of their establishments within which C20000-series brass sheet and strip are produced, as well as on their operations producing all brass sheet and strip and those producing only C20000-series brass sheet and strip. 1/ Three of these brass mills provided separate financial data on their operations producing C20000-series brass sheet and strip for reroll.

Overall establishment operations.--Aggregate income-and-loss data on overall establishment operations are presented in table 6. Overall establishment sales of the seven brass mills fell from $993.4 million in 1984 to $819.5 million in 1985, representing a decrease of 17.5 percent. Compared with the level of sales in 1985, sales in 1986 declined slightly to $812.1 million, or by 0.9 percent. Overall, there was a decrease of 18.2 percent in net sales from 1984 to 1986. Copper sheet and strip and sheet and strip of copper alloys, other than brass, are produced at some of the establishments where C20000-series brass sheet and strip is produced.

Operating income decreased dramatically in 1985 to $28.8 million, down 61.7 percent from the $75.2 million reported for 1984. During the 1986 accounting year, however, the decline was reversed as operating income increased by 62.2 percent to $46.7 million. The operating margins for the brass mills during the 1984-86 period were 7.6 percent, 3.5 percent, and 5.7 percent, respectively. Operating losses on overall establishment operations were experienced by no firms in 1984, three in 1985, and one in 1986.

1/ The firms are * * *. The 7 firms accounted for *** percent of U.S. brass mills' total reported shipments of C20000-series brass sheet and strip in 1986. Another producer, * * *.

Table 5.--Average number of employees in U.S. brass mills; total and production and related workers producing all products and those producing brass sheet and strip; hours worked by and wages, total compensation, and average hourly wages paid to such workers; and output per hour worked in producing brass sheet and strip, by types, 1984-86, January-June 1986, and January-June 1987

Item	1984	1985	1986	January-June-- 1986	1987
Average number of employees.....	6,905	6,093	5,552	5,567	5,501
Production and related workers producing--					
All products.....	5,013	4,303	4,001	4,014	4,015
All brass sheet and strip.....	2,040	1,749	1,644	1,667	1,717
C20000-series brass sheet and strip.....	1,745	1,476	1,395	1,424	1,515
Hours worked by production and related workers producing--					
All products.....1,000 hours..	9,672	7,909	8,462	4,215	4,305
All brass sheet and strip 1,000 hours..	4,362	3,575	3,526	1,782	1,877
C20000-series brass sheet and strip.....1,000 hours..	3,728	2,987	2,984	1,468	1,630
Wages paid to production and related workers producing--					
All products...1,000 dollars..	113,336	93,613	105,374	51,685	53,420
All brass sheet and strip 1,000 dollars..	50,659	42,152	43,749	22,367	23,321
C20000-series brass sheet and strip....1,000 dollars..	43,895	35,711	37,547	18,620	20,523
Total compensation paid to production and related workers producing:					
All products...1,000 dollars..	146,855	121,461	137,678	68,772	72,471
All brass sheet and strip 1,000 dollars..	66,222	56,388	58,222	29,366	31,963
C20000-series brass sheet and strip....1,000 dollars..	57,090	47,560	49,678	24,327	28,061
Average hourly wages paid to production and related workers producing:					
All products.....	$11.72	$11.84	$12.45	$12.26	$12.41
All brass sheet and strip.....	$11.61	$11.79	$12.41	$12.55	$12.42
C20000-series brass sheet and strip.....	$11.77	$11.96	$12.58	$12.68	$12.59
Output per hour worked by production and related workers producing--					
C20000-series brass sheet and strip.....pounds..	122.3	126.5	132.7	137.7	145.9

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 6.--Income-and-loss experience of 7 U.S. brass mills on the overall operations of their establishments within which C20000-series brass sheet and strip are produced, accounting years 1984-86, and interim periods ended June 30, 1986, and June 30, 1987

Item	1984	1985	1986	Interim period ended June 30--1986	Interim period ended June 30--1987
Net sales.....1,000 dollars..	993,404	819,480	812,139	434,866	458,515
Cost of goods sold.....do....	838,137	708,582	689,665	364,612	379,039
Gross profit.....do....	155,267	110,898	122,474	70,254	79,476
General, selling, and administrative expenses 1,000 dollars..	80,084	82,115	75,794	38,681	45,410
Operating income.....do....	75,183	28,783	46,680	31,573	34,066
Interest expense .....do....	3,020	5.475	14,455	7,438	6,716
Other income or (expense), net.....1,000 dollars..	(562)	1/(5,645)	115	34	(311)
Net income before income taxes.....1,000 dollars..	71,601	17,663	32,340	24,169	27,039
Depreciation and amortization expense included above 1,000 dollars..	21,417	23,490	30,223	8,830	9,564
Cash-flow.....do....	93,018	41,153	62,563	32,999	36,603
As a share of net sales:					
Cost of goods sold..percent..	84.4	86.5	84.9	83.8	82.7
Gross profit.....do....	15.6	13.5	15.1	16.2	17.3
General, selling, and administrative expenses percent..	8.1	10.0	9.3	8.9	9.9
Operating income.....do....	7.6	3.5	5.7	7.3	7.4
Net income before income taxes.....percent..	7.2	2.2	4.0	5.6	5.9
Number of firms reporting operating losses.....	0	3	1	0	0
Number of firms reporting.....	7	7	7	7	7

1/ Includes * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

During the interim period ended June 30, 1987, aggregate net sales totaled $458.5 million, up 5.4 percent from net sales of $434.9 million reported during interim 1986. Operating income rose to $34.1 million during interim 1987, up 7.9 percent from the $31.6 million reported during interim 1986. The operating margins for the 1986 and 1987 interim periods were relatively constant at 7.3 percent and 7.4 percent, respectively. No firm reported an operating loss in either of the interim periods.

Operations producing all brass sheet and strip.--Aggregate income and loss data for the seven brass mills are presented in table 7 for these operations. All brass sheet and strip operations were 37.8 percent of overall establishment operations in 1986, on the basis of net sales. Net sales of all brass sheet and strip decreased to $305.7 million during 1985, down 15.2 percent from the $360.6 million reported in 1984. Sales increased slightly during 1986 to $307.1 million, up 0.5 percent from the level of sales in 1985.

Table 7.--Income-and-loss experience of 7 U.S. brass mills on their operations producing all brass sheet and strip, accounting years 1984-86, and interim periods ended June 30, 1986, and June 30, 1987

Item	1984	1985	1986	Interim period ended June 30--1986	Interim period ended June 30--1987
Net sales.....1,000 dollars..	360,606	305,676	307,075	160,862	192,590
Cost of goods sold.....do....	319,473	281,370	274,125	141,871	168,362
Gross profit.....do....	41,133	24,306	32,950	18,991	24,228
General, selling, and administrative expenses 1,000 dollars..	20,905	22,267	22,848	12,053	13,842
Operating income.....do....	20,228	2,039	10,102	6,938	10,386
Interest expense.....do....	447	1,151	4,445	2,138	2,086
Other income or (expense), net.....1,000 dollars..	(115)	(298)	869	23	2
Net income before income taxes...1,000 dollars..	19,666	590	6,526	4,823	8,302
Depreciation and amortization expense included above 1,000 dollars..	8,353	10,128	6,707	3,375	3,895
Cash-flow .....do....	28,019	10,718	13,233	8,198	12,197
As a share of net sales:					
Cost of goods sold...percent..	88.6	92.0	89.3	88.2	87.4
Gross profit.....do....	11.4	8.0	10.7	11.8	12.6
General, selling, and administrative expenses percent..	5.8	7.3	7.4	7.5	7.2
Operating income.....do....	5.6	0.7	3.3	4.3	5.4
Net income before income taxes.....percent..	5.5	0.2	2.1	3.0	4.3
Number of firms reporting operating losses.....	0	3	2	0	2
Number of firms reporting.....	7	7	7	7	7

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Operating income decreased dramatically from $20.2 million in 1984 to $2.0 million in 1985, or by 90 percent; however, during 1986, operating income partially rebounded to $10.1 million. Notwithstanding the turnabout in the most recently completed fiscal year, the level was only one-half of that

attained in 1984. Contributing to the 1986 increase in operating income was a decline in the cost of goods sold, in particular other factory costs (which include depreciation and amortization). 1/ Operating margins during 1984-86 were 5.6 percent, 0.7 percent, and 3.3 percent, respectively. Three firms reported operating losses in 1985, and two reported losses in 1986.

During the interim period ended June 30, 1987, net sales totaled $192.6 million, up 19.7 percent from net sales of $160.9 million reported during interim 1986. Operating income increased to $10.4 million during interim 1987, up 49.7 percent from the operating income level of $6.9 million reported for interim 1986. The operating margins for the firms during the 1986 and 1987 interim periods were 4.3 percent and 5.4 percent, respectively. No firms reported operating losses during interim 1986 and two reported losses in interim 1987.

Operations producing C20000-series brass sheet and strip.--Aggregate income-and-loss data for the seven brass mills are presented in table 8 for these operations. On the basis of net sales, C20000-series brass sheet and strip was 94.3 percent of all brass sheet and strip operations in 1986. Net sales of C20000-series brass sheet and strip decreased from $343.6 million in 1984 to $288.5 million in 1985, representing a decline of 16.0 percent, then increased slightly to $289.5 million in 1986 for an increase of 0.4 percent. Operating income decreased significantly, from $19.2 million in 1984 to $1.6 million in 1985, representing a decrease of 91.8 percent. During the 1986 accounting year, the decline was reversed as operating income increased to $7.9 million; nonetheless, the level was less than one-half (40.9 percent) of that reached in 1984. The firms' operating margins during the 1984-86 period were 5.6 percent, 0.5 percent, and 2.7 percent. None of the seven firms reported an operating loss during 1984, but three did so in 1985, and two had losses in 1986.

During the interim period ended June 30, 1987, net sales totaled $184.2 million, up 21.0 percent from net sales of $152.3 million reported during interim 1986. Operating income increased from $5.7 million during interim 1986 to $9.0 million during interim 1987, or by 58.2 percent. The operating margins for the 1986 and 1987 interim periods were 3.7 percent and 4.9 percent, respectively. One firm reported an operating loss during interim 1986, and two producers experienced losses during interim 1987.

Capital expenditures, research and development expenses, and value of property, plant, and equipment.--Capital expenditures by seven 2/ U.S. producers for property, plant, and equipment used in the production of all establishment products, all brass sheet and strip, and C20000-series brass sheet and strip are presented in table 9. The table also shows their investment in production facilities in which brass sheet and strip is produced.

1/ Depreciation expense declined significantly in 1986 because of * * *.
2/ One of the seven responding producers, * * * submitted total amounts for capital expenditures and research and development expenses without product separation for "all series of brass" and "C20000 series of brass."

Table 8.--Income-and-loss experience of 7 U.S. brass mills on their operations producing C20000-series brass sheet and strip, accounting years 1984-86, and interim periods ended June 30, 1986, and June 30, 1987

Item	1984	1985	1986	Interim period ended June 30 1986	Interim period ended June 30 1987
Net sales.....1,000 dollars..	343,561	288,517	289,542	152,282	184,235
Cost of goods sold.....do....	304,472	265,851	260,593	135,367	162,322
Gross profit.....do....	39,089	22,666	28,949	16,915	21,913
General, selling, and administrative expenses . 1,000 dollars..	19,853	21,081	21,074	11,227	12,915
Operating income..... do....	19,236	1,585	7,875	5,688	8,998
Interest expense .....do....	447	1,151	4,279	2,112	2,056
Other income or (expense), net.....1,000 dollars..	(115)	(235)	32	23	2
Net income before income taxes...1,000 dollars..	18,674	199	3,628	3,599	6,944
Depreciation and amortization expense included above 1,000 dollars..	7,802	9,154	5,862	2,973	3,394
Cash-flow.....do....	26,476	9,353	9,490	6,572	10,338
As a share of net sales:					
Cost of goods sold...percent..	88.6	92.1	90.0	88.9	88.1
Gross profit.....do....	11.4	7.9	10.0	11.1	11.9
General, selling, and administrative expenses percent..	5.8	7.3	7.3	7.4	7.0
Operating income.....do....	5.6	0.5	2.7	3.7	4.9
Net income before income taxes.....do....	5.4	0.1	1.3	2.4	3.8
Number of firms reporting operating losses.....	0	3	2	1	2
Number of firms reporting.....	7	7	7	7	7

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Research and development expenses for all brass series and for C20000-series brass sheet and strip are shown in the following tabulation (in thousands of dollars):

Item	1984	1985	1986	Interim period ended June 30-- 1986	1987
All brass sheet and strip.....	***	***	***	***	***
C20000-series brass sheet and strip.....	***	***	***	***	***

Table 9.--Capital expenditures and end-of-period value of investment in property, plant, and equipment by 7 U.S. brass mills, accounting years 1984-86, and interim periods ended June 30, 1986, and June 30, 1987

(In thousands of dollars)

Item	1984	1985	1986	Interim period ended June 30--1986	Interim period ended June 30--1987
	Capital expenditures				
All products of establishments	37,286	18,963	22,085	7,796	5,393
All brass sheet and strip	19,928	6,458	6,735	2,582	1,773
C20000-series brass sheet and strip	18,789	6,035	6,254	2,423	1,635
	Value of investment 1/				
All products of establishments:					
Original cost	477,561	492,586	***	343,159	367,914
Book value	239,516	236,463	***	134,961	140,629
All brass sheet and strip:					
Original cost	192,935	197,336	***	153,217	163,562
Book value	91,097	87,201	***	56,398	58,518
C20000-series brass sheet and strip:					
Original cost	182,593	186,487	***	142,377	151,861
Book value	86,591	82,614	***	51,897	53,862

1/ * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Selected financial data on their operations rerolling C20000-series brass sheet and strip submitted by three 1/ U.S. producers of brass sheet and strip are shown in the following tabulation:

	1984	1985	1986	Interim period ended June 30--1986	Interim period ended June 30--1987
Net sales .....1,000 dollars..	***	***	***	***	***
Operating income or (loss).....do....	***	***	***	***	***
Operating income or (loss) as a share of net sales percent..	***	***	***	***	***

1/ * * *.

Capital and investment.--The producers were asked to describe any actual or potential negative effects of imports of brass sheet and strip from Japan and the Netherlands on their firm's growth, investment, and ability to raise capital. In general, the firms stated that the continued erosion of profitability resulting from the alleged LTFV sales of C20000-series brass sheet and strip from Japan and the Netherlands threatens the firms' ability to generate or borrow the funds needed to maintain their businesses. Remarks by individual firms are presented in appendix C.

Consideration of the Question of Threat of Material Injury

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant factors 1/--
>
> (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
>
> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,

---

1/ Section 771(7)(F)(ii) of the act (19 U.S.C. 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 736, are also used to produce the merchandise under investigation.

No subsidies have been alleged in the petitions (item (I) above); the available data on foreign producers' operations (items (II) and (VI) above) and on the potential for "product-shifting" (item VIII) are presented in the section entitled "Capacity of foreign producers to increase exports;" and information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the causal relationship between alleged material injury or the threat thereof and the alleged LTFV imports." Available information on U.S. importers' inventories of the subject products (item (V)) is presented below.

U.S. importers' inventories

U.S. importers' inventories may not be very meaningful in these investigations because many shipments are made directly from the foreign producers' plants to U.S. customers through orders placed with the actual U.S. importers, which in some instances are U.S. agents of the foreign manufacturers. Further, some of the U.S. importers that do maintain inventories combine inventories of foreign and domestic brass sheet and strip and were unable to determine inventories by country of origin. The data collected on U.S. importers' end-of-period inventories of C20000-series brass sheet and strip from the eight importers that reported inventory data are presented in table 10.

Reported U.S. importers' aggregate inventories of their imports from Japan and the Netherlands increased as of December 31 of 1983-85 and then decreased as of December 31, 1986. Combined inventories held by importers from Japan and the Netherlands decreased 55.0 percent from June 30, 1986, to June 30, 1987.

Capacity of foreign producers to increase exports

The Commission requested counsels for the respondents in the subject investigations to provide information on the industries producing C20000-series brass sheet and strip in their respective countries. The information requested

Table 10.--Brass sheet and strip, C20000-series: 8 U.S. importers' end-of-period inventories, by countries, Dec. 31, 1983-86, June 30, 1986, and June 30, 1987

(In thousands of pounds)

Country of origin	1983	1984	1985	1986	June 30-- 1986	June 30-- 1987
Japan	***	***	***	***	***	***
Netherlands	***	***	***	***	***	***
Subtotal	1,779	1,881	2,620	2,136	4,157	1,870
All others or not specified	1,497	3,195	2,119	1,690	1,854	2,394
Total	3,276	5,076	4,739	3,826	6,011	4,264

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

consisted of the number and names of producing firms; production, capacity, capacity utilization, home-market shipments, exports to the United States, and total exports, for each of the periods covered by the investigations; projected changes in production, capacity, or capacity utilization in 1987; and intentions or projections as to the quantity of exports of the subject brass sheet and strip to the United States in 1987. Similar data were requested by the Commission from the U.S. embassies in each of the countries covered by the investigations. Information on the industries producing C20000-series brass sheet and strip in Japan and the Netherlands is presented below.

Japan.--Available data for Japan's brass sheet and strip industry are presented in table 11. The data are for all brass sheet and strip. The petition alleges that there are six Japanese producers with excess capacity to produce C20000-series brass sheet and strip, and that these firms could increase their exports to the United States. 1/

Counsels for Nippon Mining Co., Ltd., and Mitsubishi Shindoh Co. provided data on those firm's brass sheet and strip operations in Japan. According to respondents, Japan is increasing its exports of brass sheet and strip to Hong Kong, Taiwan, and a number of other countries other than the United States because the electrical and electronics industries in those countries are growing more rapidly than the comparable industries in the United States. Consequently, respondents claim there is no threat of increased exports to the United States.

Netherlands.--Metallverken is the only known producer of C20000-series brass sheet and strip in that country. Data on Metallverken's C20000-series brass sheet and strip operations are presented in table 12.

1/ Petition, Japan, p. 105.

Table 11.--Brass sheet and strip: Japan's production, capacity, capacity utilization, and shipments, 1984-86, January-June 1986, and January-June 1987

Item	1984	1985	1986	January-June-- 1986	1987
Production					
1,000 pounds	448,187	425,886	436,789	220,311	215,745
Capacity.....do....	499,099	507,384	516,218	258,109	264,002
Capacity utilization					
percent	90	84	85	86	82
Home-market shipments					
1,000 pounds	382,369	350,659	357,273	182,065	177,765
Exports to--					
United States					
1,000 pounds	13,877	15,329	16,647	8,558	6,357
All other countries 1/					
1,000 pounds	51,940	59,897	62,869	29,689	31,623
Total.....do....	65,817	75,226	79,516	38,247	37,980

1/ Principally Taiwan and Hong Kong, but includes China, Australia, Republic of Korea, and Iran.

Source: Capacity and production data are from the Japan Brass Makers Association and from MITI. Export data are from Ministry of finance (Japan).

Table 12.--Brass sheet and strip, C20000-series: Metallverken's production, capacity, capacity utilization, and shipments, 1984-86, January-June 1986, and January-June 1987

Item	1984	1985	1986	January-June-- 1986	1987
Production					
1,000 pounds	***	***	***	***	***
Capacity.....do....	***	***	***	***	***
Capacity utilization					
percent	***	***	***	***	***
Home-market shipments 1/					
1,000 pounds	***	***	***	***	***
Exports to:					
United States					
1,000 pounds	***	***	***	***	***
All other countries 2/					
1,000 pounds	***	***	***	***	***
Total.....do....	***	***	***	***	***

1/ Estimated by respondent.
2/ Production less home-market shipments less exports to the United States. Principal export markets, other than the United States are * * *. Information provided by respondent indicates that the firm exports to over *** countries.

Source: Confidential submission on behalf of Metallverken.

Metallverken Nederland BV is a subsidiary of Metallverken AB, which is based in Vasteras, Sweden. Imports of C20000-series brass sheet and strip from Sweden are subject to a dumping order as a result of the Commission's affirmative finding in investigation No. 731-TA-316 (Final). Counsel for Metallverken denied any allegation of product shifting. 1/ Counsel also notes that the Netherlands plant is operating at full capacity and * * *.

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and the Alleged LTFV Imports

U.S. imports

According to official statistics 2/ of the U.S. Department of Commerce, imports of all series of brass sheet and strip decreased 21.5 percent (on the basis of quantity) from 1984 to 1985 and decreased another 8.6 percent from 1985 to 1986. Imports during January-June 1987 were 32.6 percent less than those during the corresponding period of 1986 (table 13). 3/ Imports from Japan increased 7.0 percent from 1984 to 1985 and increased 19.4 percent from 1985 to 1986. Imports from Japan during January-June 1987 were 10.6 percent below imports during January-June 1986. Imports from the Netherlands decreased

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1/ Postconference brief on behalf of respondents Metallverken, et al, p. 43. The maximum width that can be rolled in the Dutch brass mill is 24 inches (postconference brief, p. 43).

2/ Official statistics of the U.S. Department of Commerce are for all series of brass sheet and strip. It is believed that nearly all such imports consist of C20000-series brass sheet and strip, based on responses by importers to the Commission's questionnaire, which indicated that C20000-series brass sheet and strip accounted for approximately 97 percent of imports of all series of brass sheet and strip from the seven countries subject to the previous Commission investigations. Based upon questionnaire responses in the instant investigations, imports from Japan and the Netherlands appear to also be essentially all C20000-series brass sheet and strip.

3/ Because of a lag in reporting, official import statistics include some "carry-over" data for merchandise imported, but not reported, in prior periods (usually the previous month). Beginning in 1987, Commerce extended its monthly data compilation cutoff date by about 2 weeks in order to significantly reduce the amount of carry-over. Therefore, official statistics for January 1987 include data that would previously have been carried over to February 1987. However, in order to avoid an apparent overstatement of the January 1987 data, the carry-over data from 1986 that would have been included in January 1987 official statistics as of the previous cutoff date have been excluded. Commerce isolated these 1986 carry-over data and has not included them in official statistics for 1986 or January 1987, since their inclusion in either period would result in an apparent overstatement. With respect to imports of brass sheet and strip from Japan, this carry-over amounted 1,069 pounds, with a value (c.i.f. plus calculated duties) of $1,000; with respect to the Netherlands, this carry-over amounted to 126,000 pounds, with a value (c.i.f. plus calculated duties) of $138,000.

Table 13.--Brass sheet and strip: U.S. imports for consumption (official statistics), by principal countries, 1984-86, January-June 1986, and January-June 1987

Source	1984	1985	1986	January-June-- 1986	1987
	Quantity (1,000 pounds)				
West Germany	69,525	1/ 48,913	44,229	24,098	13,691
Japan	17,934	19,194	22,919	11,548	10,326
Netherlands	15,630	15,406	14,920	7,620	7,983
France	1/ 22,952	1/ 11,775	8,328	7,304	7
Italy	8,444	1/ 10,502	7,031	3,275	1,539
Switzerland	2,170	3,208	6,292	2,433	3,246
Brazil	15,793	7,590	6,048	4,930	450
Republic of Korea	6,286	1/ 7,712	5,451	4,081	425
Canada	13,354	7,502	4,016	2,057	3,592
Sweden	1,670	5,176	2,279	1,302	989
All others	10,285	7,561	10,601	4,829	7,274
Total	1/ 184,043	1/ 144,539	132,113	73,478	49,524
	Landed duty-paid value (1,000 dollars)				
West Germany	68,357	49,888	44,810	24,249	14,262
Japan	18,672	19,706	22,128	10,654	10,540
Netherlands	17,391	17,060	16,051	8,110	8,722
France	19,193	9,973	7,402	6,367	8
Italy	8,077	10,946	6,613	3,090	1,501
Switzerland	2,262	2,852	5,236	2,423	2,803
Brazil	13,860	6,735	5,043	4,127	382
Republic of Korea	6,690	7,014	4,792	3,571	377
Canada	13,639	7,554	3,826	2,038	3,421
Sweden	1,841	5,267	2,619	1,510	1,161
All others	9,556	7,240	8,900	4,213	6,197
Total	179,538	144,235	127,419	70,351	49,373
	Unit value (cents per pound)				
West Germany	98.3	102.0	101.3	100.6	104.2
Japan	104.1	102.7	96.5	92.2	102.1
Netherlands	111.3	110.7	107.6	106.4	109.2
France	83.6	84.7	88.9	87.2	114.3
Italy	95.7	104.2	94.1	94.4	97.5
Switzerland	104.2	88.9	83.2	99.6	86.4
Brazil	87.8	88.7	83.4	83.7	84.9
Republic of Korea	106.4	90.9	87.9	87.5	88.7
Canada	102.1	100.6	95.3	99.1	95.2
Sweden	110.1	101.8	114.9	116.0	117.4
All others	92.9	95.8	84.0	87.2	85.2
Average	97.6	99.8	96.4	95.9	99.7

1/ Reflects corrected data received from the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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slightly (1.4 percent) from 1984 to 1985 and decreased 3.2 percent from 1985 to 1986. Imports from the Netherlands during January-June 1987 increased 4.8 percent compared with imports during the corresponding period of 1986.

Table 14 presents estimated data on U.S. imports of C20000-series brass sheet and strip. These data were obtained by assuming that all imports of brass sheet and strip, as reported in official statistics of the U.S. Department of Commerce, are of the C20000-series. The data are arranged in such a way as to facilitate comparisons of import trends from Japan and the Netherlands and trends in imports from the seven countries subject to the previous Commission investigations.

Combined imports from Japan and the Netherlands increased during 1984-86 and then declined when imports during January-June 1987 are compared with imports during January-June 1986. Imports from the seven countries (Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany) subject to prior investigations dropped 28.2 percent from 1984 to 1985 and fell 22.0 percent from 1985 to 1986. Imports from the seven countries dropped 56.0 percent during January-June 1987 when compared with such imports during the corresponding period of 1986. Total imports from all countries combined dropped significantly during January 1984-June 1987.

Market penetration of imports

U.S. imports of C20000-series brass sheet and strip as a share of apparent U.S. consumption are presented in table 15. The ratio of the quantity of imports to consumption for Japan and the Netherlands increased from 5.2 percent in 1984 to 6.7 percent in 1985 and 7.2 percent in 1986. The import penetration ratio for Japan and the Netherlands declined from 6.9 percent during January-June 1986 to 6.2 percent during January-June 1987.

The aggregate import penetration ratios for the seven countries subject to the previous Commission investigations decreased during the period covered. Import penetration ratios for total imports followed similar downward trends.

Prices

The demand for brass sheet and strip is derived from the demand for a large number of end-use and intermediate-use items such as lamp shells, ammunition, bathroom accessories, jewelry, communications and electronics applications, and automotive radiators, fuse clips, and other automotive parts. Both the domestic and imported products are sold either directly to distributors or to firms that produce the end- or intermediate-use items. The intermediate-use items are either used captively or sold.

Brass sheet and strip is sold on a per pound basis. There are two component prices used to construct the selling price of these products: a fabrication price and a metal price. The fabrication price for toll accounts is generally stable when compared with nontoll accounts. For nontoll accounts, the fabrication prices fell in early 1986 before stabilizing.

Table 14.--Brass sheet and strip, C20000-series: U.S. imports for consumption, by selected countries, 1984-86, January-June 1986, and January-June 1987

Source	1984	1985	1986	January-June-- 1986	1987
	Quantity (1,000 pounds)				
Japan	17,934	19,194	22,919	11,548	10,326
Netherlands	15,630	15,406	14,920	7,620	7,983
Subtotal 1/	33,564	34,600	37,839	19,169	18,310
Brazil	15,793	7,590	6,048	4,930	450
Canada	13,354	7,502	4,016	2,057	3,592
France	2/ 22,952	2/ 11,775	8,328	7,304	7
Italy	8,444	2/ 10,502	7,031	3,275	1,513
Republic of Korea	6,286	2/ 7,712	5,451	4,081	425
Sweden	1,670	5,176	2,279	1,302	989
West Germany	69,525	2/ 48,913	44,229	24,098	13,691
Subtotal 3/	138,024	99,170	77,382	47,047	20,693
All others	12,455	10,769	16,892	7,262	10,521
Total	2/ 184,043	2/ 144,539	132,113	73,478	48,524
	Landed duty-paid value (1,000 dollars)				
Japan	18,672	19,706	22,128	10,654	10,540
Netherlands	17,391	17,060	16,051	8,110	8,722
Subtotal 1/	36,063	36,766	38,179	18,765	19,262
Brazil	13,860	6,735	5,043	4,127	382
Canada	13,639	7,554	3,826	2,038	3,421
France	19,193	9,973	7,402	6,367	8
Italy	8,077	10,946	6,613	3,090	1,501
Republic of Korea	6,690	7,014	4,792	3,571	377
Sweden	1,841	5,267	2,619	1,510	1,161
West Germany	68,357	49,888	44,810	24,249	14,262
Subtotal 3/	131,657	97,377	75,105	44,950	21,111
All others	11,818	10,092	14,135	6,636	9,000
Total	179,538	144,235	127,419	70,351	49,373

1/ Japan and the Netherlands.
2/ Reflects corrected data received from the U.S. Department of Commerce.
3/ Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Often, the fabrication price is fixed during the period of a contract or of an informal agreement--in many instances for up to 1 year. Variations in the fabrication price usually depend upon the type of alloy, thickness (gauge), and width of the brass sheet and strip, as well as the quantity ordered. 1/

1/ In addition, certain special finishes or tempers may affect fabrication prices.

Table 15.--Brass sheet and strip, C20000-series: Apparent U.S. consumption, U.S. imports, and ratios of imports to consumption, 1984-86, January-June 1986, and January-June 1987

Item	1984	1985	1986	January-June-- 1986	1987
Apparent U.S. consumption					
1,000 pounds..	639,900	517,119	522,223	276,722	293,225
U.S. imports 1/ from--					
Japan....1,000 pounds..	17,934	19,194	22,919	11,548	10,326
Netherlands.....do....	15,630	15,406	14,920	7,620	7,983
Subtotal, 2 countries..1,000 pounds..	33,564	34,600	37,839	19,169	18,310
Countries subject to previous investigations 2/ 1,000 pounds..	138,024	99,170	77,382	47,047	20,693
All other countries 1,000 pounds..	12,455	10,769	16,892	7,262	10,521
Total.....do....	184,043	144,539	132,113	73,478	49,524
Ratios (quantity) to apparent U.S. consumption, of imports from--					
Japan.....percent..	2.8	3.7	4.4	4.2	3.5
Netherlands.....do....	2.4	3.0	2.8	2.8	2.7
Subtotal, 2 countries.....percent..	5.2	6.7	7.2	6.9	6.2
Countries subject to previous investigations 2/....percent..	21.6	19.2	14.8	17.0	7.0
All other countries percent..	1.9	2.1	3.2	2.6	3.6
Total.....do....	28.7	28.0	25.2	27.5	16.8
Ratios (value) 3/ to apparent U.S. consumption, of imports from--					
Japan.....percent..	3.7	4.8	5.7	5.1	4.8
Netherlands.....do....	3.5	4.2	4.1	3.9	4.0
Subtotal, 2 countries.....percent..	7.2	9.0	9.8	9.0	8.8
Countries subject to previous investigations 2/....percent..	26.4	22.8	19.2	21.6	9.6
All other countries percent..	2.4	2.5	3.6	3.2	4.1
Total.....do....	36.0	35.3	32.6	33.8	22.5

See footnotes on next page

Footnotes for Table 15

1/ Consists of official statistics of the U.S. Department of Commerce for all series of brass sheet and strip.
2/ Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany.
3/ As previously noted, value data are distorted because toll and nontoll shipment data were added to obtain the value of domestic shipments.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

The thinner the gauge, the more costly the item is to produce and the higher the fabrication price. A width resulting in lower yield from a coil will also have a higher price.

The second component, the metal price, generally accounts for about one-half of the total selling price of brass sheet and strip. U.S. brass mills generally price the metal component at the date of shipment for both single and multiple shipment sales. U.S. producers' metal prices are based on copper and zinc prices tracked by the New York Commodities Exchange (COMEX), plus a premium of $0.04 to $0.07 per pound for freight, processing, and inventory costs. With the exception of * * * and * * *, U.S. brass mills do not offer a firm metal price, and thus a firm total price, for multiple shipments.

During the period under investigation, the metal value fluctuated considerably but followed a downward trend on a quarterly basis. 1/ From January-March 1984 to January-March 1987, the metal value of cartridge brass declined from approximately $0.65 to $0.58 per pound, or by approximately 16 percent. 2/ Because the metal value accounts for a large proportion of the total selling price of brass sheet and strip, the decline in the metal value likely affected the trend of total selling prices during the period under investigation.

Since the metal value of brass sheet and strip can change significantly within a period as short as a week, producers, importers, and purchasers of brass sheet and strip use several methods for dealing with fluctuations of the metal value component. These methods of risk aversion are intended to limit the risk born by suppliers and purchasers. One method is to establish the metal value of the brass sheet and strip for a single shipment, typically on

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1/ On the basis of U.S. copper prices (f.o.b. refinery) and U.S. zinc prices (New York), International Monetary Fund, International Financial Statistics.
2/ An estimate of the metal value of brass sheet and strip can be calculated by adding the prices of copper and zinc, weighted by the percentages of each contained in the alloy. Cartridge brass contains 70 percent copper and 30 percent zinc.

either the date of order or the date of shipment. The metal value can also be fixed for multiple shipments over a period of time. Another important method is a toll arrangement or metal-conversion-contract, wherein the purchaser of the brass sheet and strip supplies the input metal to be fabricated and therefore assumes the metal cost.

Suppliers of brass sheet and strip may quote the fabrication and metal values separately, or they may quote a total selling price. Regardless of the type of price quoted, the prices for U.S.-produced and imported brass sheet and strip include U.S.-inland freight costs and are thus effectively "delivered" prices. Transportation costs represent a small percentage of the final delivered price. Thus, although transportation costs might affect suppliers' "netback," they do not appear to be a significant factor in purchasers' sourcing decisions.

Domestic brass mills and importers sell brass sheet and strip to distributors, rerollers, and many end-user markets. Officials at * * * reported that price varies among market segments according to the degree of purchaser sophistication and competition in a particular segment.

Toll-account sales.--Toll-account sales agreements are reportedly the most formal type of sales agreement negotiated for U.S.-produced brass. In a toll-account arrangement or metal-conversion-contract, the purchaser supplies the metal to be fabricated and pays only a fabrication charge to the producer. 1/ At the time the toll-account contract is negotiated, the following are established: the type of metal provided, the fabrication price, any additional charges, the estimated quantity to be tolled, and the duration of the agreement. Because the metal would have to be transported to the foreign mill, toll-account sales of imported brass sheet and strip are rare. All of the producers providing usable questionnaire data, except * * *, reported toll sales--these shipments represented over one-half of the producers' total shipments by pounds during 1984-87. The data indicate that only a small number of larger customers were involved in these transactions.

Nontoll-account sales.--For sales other than to toll accounts, domestic brass mills generally negotiate "firm fabrication price agreements" of various duration with customers, but also make price quotes for individual orders. Although firm fabrication agreements are sometimes called "contracts," it appears that, with the exception of toll-account sales, U.S.-produced brass is generally not sold on a fixed-period contractual basis as the concept applies in other industries. Fabrication agreements are not purchase orders for specific quantities, and they are generally not legally binding on either party. These agreements generally establish "firm" fabrication prices for a fixed period for all the product specifications typically desired by a particular customer, together with discounts for various quantity levels. Representatives of brass mills have stated that fabrication prices are often renegotiated prior to the end of the original agreement.

1/ If a purchaser provides scrap rather than virgin metal, it may also pay a small charge of a few cents per pound fabricated to upgrade the alloy content of the metal provided.

Fabrication agreements may also specify the percentage of the customer's scrap the brass mill agrees to repurchase, stated as a certain percentage of the total pounds sold to the customer. U.S. brass mills estimated repurchases of more than 18.6 million pounds of brass scrap from their customers in 1986. Importers rarely repurchase brass scrap from their customers.

U.S. importers of brass sheet and strip from * * * reported that most of their sales are not on a contract basis. The principal importer of brass sheet and strip from * * * reported that virtually all sales are * * *. Because specifications for brass sheet and strip frequently vary with the purchaser and the individual order, it is difficult to inventory "standard" items. For this reason, U.S. producers and importers report that the majority of their sales are of brass sheet and strip produced according to a customer's order.

Like U.S. producers, importers of brass sheet and strip from Japan and the Netherlands quote separate price components for fabrication and metal values. However, unlike U.S. producers, they generally establish metal values on the date of order. 1/ Some brass sheet and strip customers have stated a preference for knowing that the total selling price will not change between the date of order and the date of shipment. Importers of brass sheet and strip generally track copper and zinc prices published by the London Metal Exchange (LME).

For purchases of brass sheet and strip imported from Japan, leadtimes are typically much longer than for purchases of U.S.-produced material because they include time for both production and overseas shipment. However, leadtimes for product from the Netherlands are about the same as from domestic sources. Purchasers report that a typical leadtime for U.S.-produced brass sheet and strip and imports from the Netherlands is approximately *** weeks, whereas leadtimes for imported brass sheet and strip from Japan is approximately 10 weeks.

In addition, whereas the minimum quantity requirements for U.S.-produced brass sheet and strip generally range from 2,000 to 5,000 pounds, the minimum quantity requirement for purchases of imports can be as high as *** pounds per individual item ordered, with a minimum total shipment of 40,000 pounds, a full truckload.

Price data

The Commission requested producers and importers to provide quarterly price data during January 1984-June 1987 on their nontoll-account sales for nine common brass sheet and strip products listed below:

Product 1.--Builders' hardware, CDA end-use classification 110, CDA alloy 260, 0.016-inch to 0.032-inch thick by 2 inches to 12 inches in width.

1/ Some importers allow the customer to "book" the metal value on any date between the date of order and 2 weeks prior to shipment.

Product 2.--Slitting stock, CDA end-use classification 920, CDA alloy 260, 0.020-inch to 0.025-inch thick by maximum yield width.

Product 3.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width.

Product 4.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.016-inch to 0.020-inch thick by 0.75 inch to 2 inches in width, traverse wound.

Product 5.--Slitting stock, CDA end-use classification 920, CDA alloy 260, 0.016-inch to 0.0199-inch thick by maximum yield width.

Product 6.--Reroll, CDA end-use classification 910, CDA alloy 260, 0.050-inch to 0.080-inch thick by maximum yield width.

Product 7.--Reroll, CDA end-use classification 910, CDA alloy 260, 0.081-inch to 0.125-inch thick by maximum yield width.

Product 8.--Automotive electrical, CDA end-use classification 320, CDA alloy 260, 0.0061-inch to 0.012-inch thick by 2 inches to 12 inches in width.

Product 9.--Lamp shells and sockets, CDA end-use classification 440, CDA alloy 260, 0.011-inch to 0.016-inch thick by 2 inches to 12 inches in width.

The Commission requested producers to provide price data for their toll-account sales for products Nos. 2, 5, 6, and 8.

The product specifications used to collect price data identified the four major selling price factors--alloy, gauge, width, and market segment. To control for quarterly price changes caused solely by slight changes in the product specifications sold within a product category, producers and importers were asked to report price data for the same item throughout the period. Price data were requested for the largest quarterly sale of the responding firm's single largest volume item within a product category. The Commission also requested producers and importers to provide data on their most important products, if they were not covered in the product specifications listed above.

Seven U.S. producers of brass sheet and strip, seven importers of Japanese brass sheet and strip, and one importer of brass sheet and strip from the Netherlands reported usable price data, although not necessarily for all the products and periods requested. The seven reporting U.S. producers accounted for more than *** percent of total 1986 domestic shipments of C20000-series brass sheet and strip from U.S. brass mills. 1/

1/ The seven producers were * * *.

For toll-account sales, producers were asked to report the base fabrication price and any additional charges directly associated with that toll-account shipment to arrive at a net delivered fabrication price received for the largest quarterly toll shipment of a particular item. Six of the reporting U.S. producers provided usable fabrication-price data for toll-account sales.

For nontoll-account sales, producers and importers were asked to report total delivered selling prices, as well as the fabrication prices and metal values, for their largest single quarterly sale (by volume) of a particular item. Seven reporting producers provided price data for nontoll-account sales.

Price trends

When purchasing brass sheet and strip, metal values are generally uniform among all suppliers. On any given day, one supplier may quote a slightly lower metal price than that quoted by another supplier, but over time, metal prices quoted by different suppliers move together in line with trends in the commodity markets as reflected in the COMEX or LME price quotation. Thus, the fabrication price is the price component that is subject to negotiation, that is, the price component that would normally be reduced because of price competition from other suppliers. Because metal prices are not normally subject to negotiation (although the date at which a firm metal price is set can vary), fabrication prices are the primary basis for differences in total selling prices.

Domestic producers' price trends.--Producers provided price data sufficient to allow an analysis of trends in fabrication prices, metal prices, and total selling prices. Since prices for toll-account sales of U.S.-produced brass sheet and strip do not include metal prices, they are primarily fabrication prices. The data indicate that trends in fabrication prices of toll accounts do not necessarily correspond to trends in fabrication prices of nontoll accounts. Comparing toll-account and nontoll-account price data for the same products reveals that fabrication prices for nontoll-account sales of a particular specification were generally higher than fabrication prices for toll-account sales through 1985, at which time nontoll fabrication prices generally fell so that they are now basically the same as toll-account fabrication prices.

Toll-account sales.--Fabrication-price data reported by several domestic producers on their largest quarterly toll-account sales of a particular item provided weighted-average price series for the two slitting-stock specifications and a reroll specification; one producer provided a price series for the automotive electrical product. These products accounted for 21.5 percent of total 1986 toll-account domestic shipments. 1/ There was no common trend among the reported toll-account prices. These price data are presented in table 16.

1/ * * * were the only producers who provided usable total shipments for the individual product specifications. * * * did not provide total shipments.

Table 16.--Brass sheet and strip: Domestic producers' weighted-average delivered prices on their toll-account sales, by products and by quarters, January 1984-June 1987

(Per pound)

Period	Slitting stock (.020" - .025" gauge)	Slitting stock (.016" - .0199" gauge)	Reroll (.050" -.080" gauge)	Automotive electrical (.0061" - .012" gauge)
1984:				
January-March.....	$0.40	$0.42	$0.22	$***
April-June.....	.40	.42	.24	***
July-September....	.41	.42	.25	***
October-December..	.39	.43	.27	***
1985:				
January-March.....	.41	.45	.29	***
April-June.....	.43	.46	.27	***
July-September....	.43	.46	.27	***
October-December..	.43	.45	.26	***
1986:				
January-March.....	.39	.41	.26	***
April-June.....	.40	.41	.27	***
July-September....	.38	.41	.28	***
October-December..	.38	.40	.27	***
1987:				
January-March.....	.37	.40	.27	***
April-June.....	.38	.40	.28	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The price data show that weighted-average quarterly fabrication prices generally increased for the slitting-stock categories from January-March 1984 to July-September 1985 before declining through April-June 1987. The net decline over the entire 3-1/2 year period covered was 6.2 percent, from $0.40 to $0.38 per pound for product 2 and 4.3 percent, from $0.42 to $0.40 per pound for product 5. 1/ These products accounted for 3.2 and 3.9 percent, respectively, of total 1986 toll-account domestic shipments

The weighted-average fabrication price series for product 6, a reroll category, showed producers' prices increasing through January-March 1985 before leveling off throughout the remainder of the period. The net increase for product 6 was 25.3, percent from $0.22 to $0.28 per pound. This product accounted for 13.4 percent of total 1986 toll-account domestic shipments.

The weighted-average fabrication-price series for product 8, the automotive electrical category, showed producers' prices increasing throughout the entire period. The net increase for product 8 was 11.1 percent, from $*** to $*** per pound. This product accounted for 1.0 percent of total 1986 toll-account domestic shipments.

Nontoll-account sales.--Total selling-price data reported by U.S. producers for their nontoll sales provided usable weighted-average price series for the two slitting-stock categories, the builders' hardware category, the two communications and electronics categories, the lighter gauge reroll category (product 6), the automotive electrical category, and the lamp shells and socket category. These products accounted for 7.0 percent of total 1986 nontoll domestic shipments. 2/ Except for the reroll category, which increased in price in 1986, these weighted-average price data, shown in table 17, indicate that prices for nontoll sales of brass sheet and strip fluctuated, and either generally declined or remained relatively flat from January-March 1984 to April-June 1987.

From January-March 1984 to April-June 1987, the weighted-average price for nontoll sales of U.S.-produced heavier gauge slitting stock (product 2) slipped from $1.15 per pound to $1.00 per pound, or by approximately 13 percent.

Similarly, the weighted-average price for lighter gauge slitting stock (product 5) declined from $1.18 per pound to $1.02 per pound, or by approximately 13 percent. These products accounted for 1.3 and 0.3 percent, respectively, of total 1986 nontoll domestic shipments.

Weighted-average prices for U.S. producers' nontoll sales of the builders' hardware specification moved erratically from $1.20 per pound during January-March 1984 to $1.11 per pound during April-June 1987, for an overall decline of nearly 7 percent. This product accounted for 1.0 percent of total nontoll 1986 domestic shipments.

1/ Percentage changes are calculated from unrounded figures; therefore, percent changes cannot be derived directly from the rounded numbers in the tables and text.

2/ Includes * * *.

Table 17.--Brass sheet and strip: Domestic producers' weighted-average delivered prices on their nontoll sales, by products and by quarters, January 1984-June 1987

(Per pound)

Period	Slitting stock (.020" - .025" gauge)	Slitting stock (.016" - .0199" gauge)	Builders' hardware	Communications and electronics (.016" - .020" gauge)
1984:				
January-March.....	$1.15	$1.18	$1.20	$1.42
April-June.....	1.16	1.19	1.25	1.44
July-September....	1.11	1.17	1.21	1.37
October-December..	1.09	1.14	1.18	1.34
1985:				
January-March.....	1.09	1.17	1.12	1.84
April-June.....	1.11	1.15	1.20	1.47
July-September....	1.08	1.09	1.14	1.43
October-December..	1.07	1.03	1.06	1.48
1986:				
January-March.....	1.03	1.09	1.08	1.40
April-June.....	1.00	1.06	1.07	1.42
July-September....	.97	.97	1.06	1.38
October-December..	.99	.97	1.09	1.41
1987:				
January-March.....	.97	.96	1.04	1.38
April-June.....	1.00	1.02	1.11	1.45

Table continued on next page

Table 17.--Brass sheet and strip: Domestic producers' weighted-average delivered prices on their nontell sales, by products and by quarters, January 1984-June 1987--Continued

(Per pound)

Period	Rerell (.05" - .08" gauge)	Automotive electrical (.0061" - .012" gauge)	Lamp shells & sockets (.011" - .016")	Communications and electronics (.01" - .013" gauge)
1984:				
January-March	1/	1/	1/	1/
April-June	1/	1/	1/	1/
July-September	1/	1/	1/	1/
October-December	1/	1/	1/	1/
1985:				
January-March	1/	1/	1/	1/
April-June	1/	1/	1/	1/
July-September	1/	1/	1/	1/
October-December	1/	1/	1/	1/
1986:				
January-March	1/	1/	1/	1/
April-June	1/	1/	1/	1/
July-September	1/	1/	1/	1/
October-December	1/	1/	1/	1/
1987:				
January-March	1/	1/	1/	1/
April-June	1/	1/	1/	1/

1/ Data not available

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Weighted-average prices for nontoll-account sales of the U.S.-produced communications and electronics products (products 3 and 4) were nearly flat although there were periods of large fluctuation. These products accounted for 0.4 and 0.6 percent, respectively, of total 1986 nontoll domestic shipments.

Weighted-average prices for U.S. producers' nontoll sales of the reroll specification (product 6), after falling through July-September 1985, increased to a price of $*** per pound in October-December 1986, an increase of nearly 8 percent over the January-March price of $***. Total shipments data were not provided for this product.

The weighted-average price series for product 8, the automotive electrical category, showed producers' prices generally decreasing during the period for which such prices were reported. The net decrease for product 8 was just over 9 percent, from $*** in January-March 1985 to $*** per pound in April-June 1987. This product accounted for 0.3 percent of total 1986 nontoll-account domestic shipments.

The weighted-average price series for product 9, the lamp shells and sockets category, showed producers' prices generally decreasing through January-March 1987 before increasing to $*** per pound, or 4 percent above the January-March 1984 price of $***. This product accounted for less than 0.1 percent of total 1986 nontoll-account domestic shipments.

Importers' price trends for nontoll-account sales.--Importers' weighted-average total selling prices are shown in tables 18 and 19. Total selling-price data reported by Japanese importers provided usable weighted-average price series for the two slitting-stock categories, the builders' hardware category, the heavier gauge communications and electronics category (product 4), the lighter gauge reroll category (product 6), the automotive electrical category, and the lamp shells and socket category, plus four other products of varying dimensions, two of which the importers referred to as lamp fixtures and parts. The specific products requested accounted for 7.3 percent of total 1986 Japanese shipments.

Total selling-price data reported by the Netherlands importer provided usable weighted-average price series for the two communications and electronics categories, the lamp shells and socket category, plus one other product for radiator strip, which would fall within the automotive and electrical category. The specific products requested accounted for *** percent of total Netherlands shipments.

Prices available for imports from Japan generally fell through 1986 before increasing during the first half of 1987. However, for products where there were no comparable domestic data (table 19), the price of Japanese imports fell through most of 1985 before showing general increases for the remainder of the investigatory period. The net effect of Japanese price changes varied from a 12-percent price decrease for one of the additional products (lamp fixtures and parts) to a 1- percent price increase for the automotive electrical-products category.

Price data available for imports from the Netherlands were * * * during the period under investigation. The changes in such prices varied from a * * * price decrease for the * * * product the importer described as * * * to a * * * price increase for * * *.

Table 18.--Brass sheet and strip: Importers' weighted-average delivered prices on their nontoll sales of products requested in the questionnaire, by products and by quarters, January 1984-June 1987 1/

(Per pound)

Period	Product 1 Japan	Product 2 Japan	Product 3 Netherlands	Product 4 Japan	Product 4 Netherlands	Product 5 Japan	Product 6 Japan	Product 8 Japan	Product 9 Japan	Product 9 Netherlands
1984:										
	*	*	*	*	*	*	*			
1985:										
	*	*	*	*	*	*	*			
1986:										
	*	*	*	*	*	*	*			
1987:										
	*	*	*	*	*	*	*			

1/ Product 1.--Builders' hardware, CDA end-use classification 110, CDA alloy 260, 0.016-inch to 0.032-inch thick by 2 inches to 12 inches in width.
Product 2.--Slitting stock, CDA end-use classification 920, CDA alloy 260, 0.020-inch to 0.025-inch thick by maximum yield width.
Product 3.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width.
Product 4.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.016-inch to 0.020-inch thick by 0.75 inch to 2 inches in width, traverse wound.
Product 5.--Slitting stock, CDA end-use classification 920, CDA alloy 260, 0.016-inch to 0.0199-inch thick by maximum yield width.
Product 6.--Reroll, CDA end-use classification 910, CDA alloy 260, 0.050-inch to 0.080-inch thick by maximum yield width.
Product 8.--Automotive electrical, CDA end-use classification 320, CDA alloy 260, 0.0061-inch to 0.012-inch thick by 2 inches to 12 inches in width.
Product 9.--Lamp shells and sockets, CDA end-use classification 440, CDA alloy 260, 0.011-inch to 0.016-inch thick by 2 inches to 12 inches in width.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 19.--Brass sheet and strip: Importers' weighted-average delivered prices on their nontoll sales of additional products, by products and by quarters, January 1984-June 1987

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Price comparisons

When deciding among various potential suppliers, the total selling price is the price that matters to a purchaser of brass sheet and strip. Thus, this report compares weighted-average total delivered selling prices for nontoll sales of U.S.-produced brass sheet and strip shipped during a particular quarter with total delivered selling prices of the subject imports shipped during the same quarter. 1/

The reported selling-price data for producers' and importers' quarterly nontoll sales during January-March 1984 to April-June 1987 resulted in 75 direct quarterly price comparisons between weighted-average delivered prices of domestic and imported brass sheet and strip from Japan and the Netherlands.

Price data for Japan showed underselling by imports in most price comparisons, whereas price data for the Netherlands showed underselling in approximately 50 percent of the comparisons. Margins of underselling by the Japanese were generally the highest for the heavier gauge communications and electronics product (product 4). Price comparisons for the lighter gauge reroll product category (product 6) generally showed Japanese prices above the weighted-average prices of U.S. producers through September 1985, and then below the U.S. price. Margins of underselling are presented in table 20.

Japan.--Of 64 price comparisons between domestic and imported Japanese brass sheet and strip, 52 showed underselling by the imported products. The tabulation following table 20 presents a summary of the number of direct quarterly price comparisons that showed underselling by importers of Japanese brass sheet and strip for each product category and the range of percentage margins by which the importers' weighted-average total selling price undersold the U.S. producers' weighted-average total selling price:

1/ Respondents argued in the previous brass sheet and strip cases, investigations Nos. 701-TA-269 and 270 (Final) and 731-TA-311-317 (Final), that it is inappropriate to compare quarterly total selling prices reported by producers and importers because the metal value components for reported sales are established on different dates during a quarter. Questionnaire price data received by the Commission indicate that average quarterly metal values reported by Japanese importers are generally lower than those reported by U.S. producers (the Netherlands importer did not report metal values). Thus, comparing fabrication prices alone could mask an important aspect of price competition for sales of brass sheet and strip.

Table 20.--Brass sheet and strip: The average margins (per pound) by which imports from Japan and the Netherlands undersold or (oversold) U.S.-produced products sold on a nontell-account basis, by country of origin and by quarters, January 1984-June 1987. 1/

(In percent)

Period	Product 1 Japan	Product 2 Japan	Product 3 Netherlands	Product 4 Japan	Product 4 Netherlands	Product 5 Japan	Product 6 Japan	Product 8 Japan	Product 9 Japan
1984:									
	*	*	*	*	*	*	*		
1985:									
	*	*	*	*	*	*	*		
1986:									
	*	*	*	*	*	*	*		
1987:									
	*	*	*	*	*	*	*		

1/ Product 1.--Builders' hardware, CDA end-use classification 110, CDA alloy 260, 0.016-inch to 0.032-inch thick by 2 inches to 12 inches in width.
Product 2.--Slitting stock, CDA end-use classification 920, CDA alloy 260, 0.020-inch to 0.025-inch thick by maximum yield width.
Product 3.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width.
Product 4.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.016-inch to 0.020-inch thick by 0.75 inch to 2 inches in width, traverse wound.
Product 5.--Slitting stock, CDA end-use classification 920, CDA alloy 260, 0.016-inch to 0.0199-inch thick by maximum yield width.
Product 6.--Reroll, CDA end-use classification 910, CDA alloy 260, 0.050-inch to 0.080-inch thick by maximum yield width.
Product 8.--Automotive electrical, CDA end-use classification 320, CDA alloy 260, 0.0061-inch to 0.012-inch thick by 2 inches to 12 inches in width.

Note.--Percentage margins were calculated from unrounded figures; therefore, margins cannot always be calculated directly from the rounded prices in the tables.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Product	Underselling/ total comparisons	Range of underselling Percent
Slitting stock, .020"-.025" ..	11/14	0.5-12.8
Slitting stock, .016"-.0199"..	11/12	2.2-18.5
Builders' hardware.....	14/14	5.2-18.1
Comm. and elec., .016"-.020"..	6/6	16.1-29.9
Reroll, .050"-.080".....	4/10	6.6-13.4
Automotive electrical.....	3/5	0.6-1.4
Lamp shells and sockets.....	3/3	6.4-12.4

Netherlands.--Of 11 price comparisons between domestic and imported Netherland's brass sheet and strip, 5 showed underselling by the imported products. The following tabulation presents a summary of the number of direct quarterly price comparisons that showed underselling by importers of Dutch brass sheet and strip for each product category and the range of margins by which the importer's weighted-average total selling price undersold the U.S. producers' weighted-average total selling price:

Product	Underselling/ total comparisons	Range of underselling Percent
Lamp shells and sockets.....	0/1	-
Comm. and elec., .016"-.020"..	5/6	22.0-25.8
Comm. and elec., .010"-.013"..	0/4	-

The largest volume product reported by the Netherlands importer, * * *, had no price comparisons with the domestic product.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during January 1984-June 1987 the value of the Netherlands guilder and the Japanese yen appreciated relative to the U.S. dollar by 50.1 and 62.9 percent, respectively (table 21). 1/ Since similar rates of inflation in the Netherlands and in the United States prevailed over the period for which data were collected, movements in the real exchange rate were not significantly different from movements in the nominal exchange rate.

In contrast, a significantly lower level of inflation in Japan relative to that in the United States moderated the impact of the rapidly appreciating yen during most of the period. The value of the yen adjusted for differences in relative inflation rates decreased from January-March 1984 through January-March 1985 and then increased through the remainder of the period covered. The real Japanese exchange rate as of April-June 1987 had achieved a level that was 40.9 percent above its January-March 1984 level.

1/ International Financial Statistics, July 1987.

Table 21.--Nominal-exchange-rate equivalents of the Japanese yen and the Netherlands guilder in U.S. dollars, real-exchange-rate equivalents, 1/ and producer price indicators, 2/ indexed by quarters, January 1984-June 1987

(January-March 1984=100.0)

Period	U.S. Producer Price Index	Japan Producer Price Index	Japan Nominal-exchange-rate index --US dollars/yen--	Japan Real-exchange-rate index 3/	Netherlands Producer Price Index	Netherlands Nominal-exchange-rate index --US dollars/guilder--	Netherlands Real-exchange-rate index 3/
1984:							
Jan.-Mar...	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June..	100.7	99.9	100.6	99.8	100.7	99.8	99.8
July-Sept..	100.4	100.7	94.9	95.1	101.2	92.5	93.2
Oct.-Dec...	100.2	100.4	93.9	94.1	101.4	88.4	89.5
1985:							
Jan.-Mar...	100.0	100.8	89.7	90.4	102.3	82.7	84.6
Apr.-June..	100.1	100.1	92.1	92.1	103.0	87.4	89.9
July-Sept..	99.4	99.0	96.8	96.4	102.4	95.0	97.9
Oct.-Dec...	100.0	96.7	111.6	107.9	101.5	104.6	106.1
1986:							
Jan.-Mar...	98.5	94.4	123.0	117.8	100.0	115.0	116.7
Apr.-June..	96.6	90.4	135.8	127.1	99.7	120.3	124.1
July-Sept..	96.2	87.9	148.3	135.6	98.8	129.5	133.0
Oct.-Dec...	96.5	86.6	144.1	129.2	4/ 98.5	134.3	4/ 137.1
1987:							
Jan.-Mar...	97.7	86.2	150.8	132.9	5/	146.7	5/
Apr.-June..	99.0	85.7	162.9	140.9	5/	150.1	5/

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.
2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indexes presented in line 63 of the International Financial Statistics.
3/ The indexed real exchange rate represents the nominal exchange rate adjusted for the relative economic movement of each currency as measured here by the Producer Price Index in the United States and the respective foreign country. Producer prices in the United States decreased 1.0 percent during the period January 1984 through June 1987 compared with decreases of 14.3 percent in Japan and 1.5 percent in the Netherlands as of October-December 1986, the last period for which the Producer Price Index is reported.
4/ The real exchange rate for October-December 1986 is derived from the Netherlands' producer price index for October only.
5/ Not available.

Source: International Monetary Fund, International Financial Statistics, July 1987.

Lost sales and lost revenues

The petitions provided lost-sales and lost-revenue allegations for these investigations, but they did not identify the firms making the allegations. Ten purchasers were cited in 26 allegations of sales lost because of price competition from imports from Japan and the Netherlands. Six purchasers were cited in 12 allegations of sales revenues lost to avoid losing sales to imports from the subject countries. Most of the lost-revenues and lost-sales allegations were for 1986 and 1987, but there were allegations for the entire period of 1984 through 1987.

Alleged sales lost to imports from Japan and the Netherlands from 1984 through 1987 totaled approximately 5.95 million pounds. Alleged revenues lost making price reductions necessary to avoid losing sales to imports from Japan and the Netherlands were approximately $680,945 on 7.14 million pounds. The number and type of allegations cited for each country subject to these investigations is shown in the following tabulation:

Country of origin	Alleged lost sales	Alleged lost revenues
Japan.....	***	***
Netherlands.....	***	***

Information obtained from purchasers contacted is summarized below.

Purchaser 1.--* * * was named in *** allegations of sales lost for the * * *, involving *** pounds to suppliers of brass sheet and strip from the Netherlands, and *** pounds to suppliers of the Japanese product. * * *, the purchaser of brass products for * * *, stated that his company has made agreements with suppliers of brass strip from both countries for large quantities of * * *. * * * stated that he purchases from the Netherlands and Japan because of their superior quality relative to the domestic product. Prices of brass sheet and strip imported from * * * are reportedly "higher" than those of the domestic product. * * * rated the Netherlands strip as the highest quality product, followed by the Japanese. * * * stated that * * * is heavily involved in the production of * * *

Purchaser 2.--* * * was cited in *** allegations of sales lost during * * * involving a total of *** pounds of brass sheet and strip allegedly purchased instead from suppliers of Japanese brass sheet and strip. * * *, the owner of * * *, stated that his company has never purchased material from the Japanese or from the Netherlands. He stated that although * * * has a higher quality product than the domestic merchandise, the * * * price is also higher. * * * stated that he prefers to purchase the many varieties of brass sheet and strip products his firm uses from domestic sources.

Purchaser 3.--* * * was cited in an allegation of revenues lost during * * *, involving a total of *** pounds of brass sheet and strip, because of price competition from imported Japanese brass sheet and strip. * * *, purchaser for * * *, denied that * * * received a price reduction from a U.S. producer because of price competition from Japanese brass sheet and strip. * * * stated that the price competition for the product in question was only from domestic sources. * * *. The * * * major factors in * * *'s source decisions are * * *, a preference for purchasing * * * on a toll-account

basis, and * * * specifications. * * * reported that it has purchased imported brass sheet and strip in lieu of domestic brass partly because the specifications desired are not available domestically. Asked to comment further, * * * stated that U.S. producers can actually provide the bulk of * * *'s requirements for particular gauges and widths but imported brass sheet and strip produced in other countries often has "tighter" tolerances than does the U.S.-produced material it purchases. * * * explained that gauge control, a producer's ability to produce brass sheet and strip as close as possible to the gauge specified, is desirable because the firm does not want to purchase unnecessary poundage.

Purchaser 4.--* * * was cited in *** allegations of revenues lost in * * * on *** pounds of brass strip because of price competition from suppliers of brass sheet and strip from the Netherlands. * * *, purchasing agent for * * *, stated that he purchases brass strip both from domestic producers and from the Netherlands. * * * stated that * * * has been purchasing brass strip from the Netherlands since prior to * * *, but that the firm is currently buying larger quantities because the price of the Dutch product is now more competitive with that of the domestic product. * * * states that once he is satisfied with the quality of a product, he will purchase based on the best price * * * can receive.

Purchaser 5.--* * * was cited in *** allegations of revenues lost in * * * on *** pounds of brass sheet and strip because of price competition from suppliers of brass sheet and strip from the Netherlands and in a * * * involving *** pounds--also from the Netherlands. * * *, purchasing agent for * * *, stated that * * * purchases brass strip from both domestic producers and from the Netherlands. * * * stated that the product from the Netherlands is better quality material, with greater consistency of gauge, thereby causing less tooling adjustment.

Purchaser 6.--* * * was cited in an allegation of revenues lost in * * * on *** pounds of brass strip because of price competition from suppliers of Dutch brass sheet and strip. * * *, purchasing agent for * * *, stated that he has never purchased brass strip from the Netherlands, nor has he received quotes from them.

Purchaser 7.--* * * was cited in an allegation of a sale lost during * * * involving a total of *** pounds of brass sheet and strip allegedly purchased instead from suppliers of Netherlands brass sheet and strip. * * * is a manufacturer of * * *. * * *, the purchasing agent for * * *, stated that his company purchases domestic product for some applications, but uses foreign product for applications where superior chemical and/or mechanical properties are needed. * * * would not confirm the specific countries from which he imports brass sheet and strip products, nor could he recall the specific lost-sale allegation. * * * said that his purchasing considerations, in order of importance, are quality, on-time delivery, and competitive price.

Purchaser 8.--* * * was cited in an allegation of a sale lost during * * * involving a total of *** pounds of brass sheet and strip allegedly purchased instead from suppliers of Japanese brass sheet and strip. * * * is a manufacturer of * * *, and purchases from *** to *** pounds of brass sheet and strip a year. The product provided to * * * must meet strict specifications. The purchaser for * * *, did not recall the specific purchase of *** pounds,

but does buy brass sheet and strip from Japanese importers. He stated that * * * purchases from foreign sources because the quality of the domestic product has declined and is no longer satisfactory. When he switched to the Japanese product, he was rejecting 10 to 15 percent of domestic brass sheet and strip. During the *** years * * * has purchased the Japanese product, they have not had to reject any of the material.

Purchaser 9.--* * * was cited in an allegation of a sale lost during * * * involving a total of *** pounds of brass sheet and strip allegedly purchased instead from suppliers of Japanese brass sheet and strip. * * * is a manufacturer of * * *. The product provided to * * * must be of high quality. The purchaser for * * *, * * *, did not recall the specific purchase of *** pounds, but does buy brass sheet and strip from Japanese importers. * * * stated that the ***-pound lost-sale allegation would constitute a very small purchase by him. He stated that * * * purchases from foreign sources because the quality of the domestic product has declined and is no longer satisfactory, although there have been recent improvements in the quality of the domestic product. * * * stated that the decision to purchase from Japan was based on quality. He tries to buy domestic whenever possible, especially since the domestic product tends to cost less than the Japanese product of comparable quality.

Purchaser 10.--* * * was cited in an allegation of revenues lost in * * * on * * * pounds of brass strip because of price competition from suppliers of Netherlands brass sheet and strip. The product provided to * * * must be of high quality. * * *, the purchasing agent for * * *, says he tries to buy domestic whenever feasible, but that the domestic product's quality is generally not as good as that of the Dutch or Japanese. * * * stated that he just placed his first order with an importer of Swedish brass sheet and strip because they have tighter tolerances than do the domestic producers. * * * did not indicate if domestic producers were forced to lower the price of their product because of competition from the Netherlands.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-378 and 380 (Preliminary)]

Certain Brass Sheet and Strip From Japan and The Netherlands

AGENCY: International Trade Commission.

ACTION: Institution of preliminary antidumping investigations and scheduling of a conference to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-378 and 380 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan and the Netherlands of certain brass sheet and strip,[1] provided for in item 612.30 of the Tariff Schedules of the United States, that are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must

[1] For purposes of these investigations the term "certain brass sheet and strip" refers to brass sheet and strip, other than leaded brass and tin brass sheet and strip, of solid rectangular cross section over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3905, 612.3925, and 612.3945 of the Tariff Schedules of the United States Annotated (TSUSA). The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by these investigations.

complete preliminary antidumping investigations in 45 days, or in these cases by September 3, 1987.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's rules of practice and procedure, Part 207, subparts A and B (19 CFR Part 207), and Part 201, subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: July 20, 1987.

FOR FURTHER INFORMATION CONTACT: Tedford Briggs (202-523-4812), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal on 202-724-0002. Information may also be obtained via electronic mail by calling the Office of Investigations' remote bulletin board system for personal computers at 202-523-0103. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-523-0161.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to petitions filed on July 20, 1987, by counsel on behalf of American Brass, Buffalo, NY; Bridgeport Brass Corp., Indianapolis, IN; Chase Brass & Copper Co., Solon, OH; Hussey Copper, Ltd., Leetsdale, PA; The Miller Company, Meriden, CT; Olin Corp.—Brass Group, East Alton, IL; and Revere Copper Products, Inc., Rome, NY; domestic producers of brass sheet and strip, and on behalf of International Association of Machinists and Aerospace Workers, Washington, DC; International Union, Allied Industrial Workers of America (AFL-CIO), Milwaukee, WI; Mechanics Educational Society of America (Local 56), Rome, NY; and United Steelworkers of America (AFL-CIO/CLC), Pittsburgh, PA.

Participation in the investigations.—Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than seven (7) days after publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service list.—Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on August 12, 1987, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Tedford Briggs (202-523-4812) not later than August 7, 1987, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written submissions.—Any person may submit to the Commission on or before August 17, 1987, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with section 201.8 of the rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6).

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

By order of the Commission.

Kenneth R. Mason,

Secretary.

Issued: July 23, 1987.

[FR Doc. 87-17221 Filed 7-28-87; 8:45 am]

BILLING CODE 7020-02-M

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Notices

Federal Register
Vol. 52, No. 157
Friday, August 14, 1987

DEPARTMENT OF COMMERCE

International Trade Administration

[A-588-704]

Initiation of Antidumping Duty Investigation; Brass Sheet and Strip From Japan

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of brass sheet and strip from Japan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before September 3, 1987. If that determination is affirmative, we will make a preliminary determination on or before December 28, 1987.

EFFECTIVE DATE: August 14, 1987.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

On July 20, 1987, we received a petition filed in proper form by American Brass, Bridgeport Brass Company, Chase Brass and Copper Company, Hussey Copper, Ltd., The Miller Company, Olin Corporation, Revere Copper Products, Inc., The International Association of Machinists and Aerospace Workers International Union, Allied Industrial Workers of America (AFL-CIO), Mechanics Educational Society of America (Local 56), and United Steel Workers of America (AFL-CIO/CLC) on behalf of U.S. producers of brass sheet and strip. In compliance with the filing requirements of 19 CFR 353.36, petitioners allege that imports of brass sheet and strip from Japan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

Petitioners based United States price on actual sales and offers made by Japanese manufacturers and on monthly average unit values of Japanese imports derived from the Census Bureau's import statistics. Petitioners made deductions for Japanese inland freight and insurance, credit expenses, ocean freight and marine insurance, U.S. Customs duties and U.S. inland freight.

Petitioners based foreign market value on actual transaction prices in Japan. Petitioners deducted Japanese inland freight and made adjustments for physical differences in merchandise. Packing costs incurred on sales to the U.S. were added to foreign market value.

Based on this method of comparison, petitioners allege dumping margins ranging from 14.04 to 57.86 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on brass sheet and strip from Japan and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of brass sheet and strip from Japan are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by December 28, 1987.

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Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. The U.S. Congress is considering legislation to convert the United States to this Harmonized System (HS) by January 1, 1988. In view of this, we will be providing both the appropriate *Tariff Schedules of the United States Annotated (TSUSA)* item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending congressional approval. As with the *TSUSA*, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the *TSUSA* item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consulation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs officers have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass sheet and strip, currently provided for under *TSUSA* item numbers 612.3900, 612.3962 and 612.3966 and currently classifiable under HS item numbers 74082100-50, 74082100-75, 74082900-50, and 74082900-75.

The chemical composition of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical composition are defined by other C.D.A. or U.N.S. series are not covered by this investigation.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by September 3, 1987, whether there is a reasonable indication that imports of brass sheet and strip from Japan materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

Joseph A. Spetrini,

Acting Deputy Assistant Secretary for Import Administration.

August 10, 1987.

[FR Doc. 87-18816 Filed 8-13-87; 8:45 am]

BILLING CODE 3510-DS-M

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[A-421-701]

Initiation of Antidumping Duty Investigation; Brass Sheet and Strip From The Netherlands

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of brass sheet and strip from The Netherlands are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before September 3, 1987. If that determination is affirmative, we will make a preliminary determination on or before December 28, 1987.

EFFECTIVE DATE: August 14, 1987.

FOR FURTHER INFORMATION CONTACT: John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-3965.

SUPPLEMENTARY INFORMATION:

The Petition

On July 20, 1987, we received a petition in proper form by American Brass, Bridgeport Brass Company, Chase Brass and Copper Company, Hussey Copper, Ltd., The Miller Company, Olin Corporation, Revere Copper Products, Inc., The International Association of Machinists and Aerospace Workers, International Union, Allied Industrial Workers of America (AFL-CIO), Mechanics Educational Society of America (Local 56), and United Steelworkers of America (AFL-CIO/CLC), on behalf of U.S. producers of brass sheet and strip. In compliance with the filing requirements of 19 CFR 353.36, petitioners allege that imports of brass sheet and strip from The Netherlands are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

United States Price and Foreign Market Value

United States purchase price was based on actual sales and offers made by Granges, and on monthly average unit values of Dutch imports, derived from the Census Bureau's import statistics. Petitioners deducted, where appropriate, Dutch inland freight, ocean freight and marine insurance, discounts, sales commissions, U.S. Customs duties and U.S. inland freight.

Petitioners based foreign market value on their best estimate of the constructed value of Dutch brass sheet and strip which was based upon the U.S. brass sheet and strip industry's cost experience. To the sum of materials and fabrication costs, petitioners added the statutory minima of ten and eight percent for general expenses and profit, respectively. Petitioners also added the costs of U.S. packing.

Based upon a comparison of United States price and foreign market value, petitioners allege dumping margins of between 1.97 and 32.48 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on brass sheet and strip from The Netherlands and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of brass sheet and strip from The Netherlands are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by December 28, 1987.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. The U.S. Congress is considering legislation to convert the United States to this Harmonized System (HS) by January 1, 1988. In view of this, we will be providing both the appropriate *Tariff Schedules of the United States Annotated (TSUSA)* item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the *TSUSA*, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the *TSUSA* item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Additionally, all Customs officers have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass

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and strip, currently provided for under the *TSUSA* item numbers 612.3960, 612.3962, and 612.3968, and currently classifiable under HS item numbers 74092100-50, 74092100-75, 74092900-50, and 74092900-75.

The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series not covered by this investigation.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, privided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by September 3, 1987, whether there is a reasonable indication that imports of brass sheet and strip from The Netherlands materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

Joseph A. Spetrini,

Acting Deputy Assistant Secretary for Import Administration.

August 10, 1987.

[FR Doc. 87-18817 Filed 8-13-87; 8:45 am]

BILLING CODE 3510-DS-M

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APPENDIX B

LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-379 and 380 (Preliminary)

CERTAIN BRASS SHEET AND STRIP FROM
JAPAN AND THE NETHERLANDS

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigations on August 12, 1987, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, DC.

In support of the imposition of antidumping duties

Collier, Shannon, Rill & Scott--Counsel
Washington, DC
on behalf of--

American Brass, Buffalo, NY
Bridgeport Brass Corp., Indianapolis, IN
Chase Brass & Copper Co., Solon, OH
Hussey Copper Ltd., Leetsdale, PA
The Miller Company, Meriden, CT
Olin Corp. - Brass Group, East Alton, IL
Revere Copper Products, Inc., Rome, NY
International Association of Machinist and Aerospace Workers, Washington, DC
International Union, Allied Industrial Workers of America (AFL-CIO), Milwaukee, WI
Mechanics Educational Society of America (Local 56), Rome, NY
United Steelworkers of America (AFL-CIO/CLC), Pittsburgh, PA

Norman F. Wheeler, General Sales Manager, American Brass

Daniel B. Becker, Director of Marketing, Olin Corp. - Brass Group

Michael A. Hudak, Georgetown Economic Services

Joseph L. Mayer, Copper and Brass Fabrication Counsel, Inc.

David A. Hartquist)
Jeffrey S. Beckington) --OF COUNSEL

In opposition to the imposition of antidumping duties

Sonnenberg, Anderson, O'Donnell & Rodriguez--Counsel
Chicago, IL
on behalf of--

Metallverken, Inc.
Elmhurst, IL

Metallverken Nederland, B.V.
Zutphen, Holland

Staffan Anger, Vice President
Metallverken, Sweden

Ulf Anvin, Metallverken, Sweden

Global Metals Corp.
Elmsford, NY

Robert E. Bloom, President

Molex, Inc.
Lisle, IL

James H. Geiser

Thermal Components
Montgomery, AL

C. Bari Saunders, President

Young Radiator Co.
Racine, WI

Donald J. Pfeffl, Materials Manager

Paul S. Anderson--OF COUNSEL

Modine Manufacturing Co.
Racine, WI

Rudy W. Possehl, Vice President
Purchasing

Walter E. Pavlick, General Counsel

In opposition to the imposition of antidumping duties--continued

Graham & James--Counsel
Washington, DC
on behalf of--

Nippon Mining Co., Ltd.
Tokyo, Japan

Yoshihiro Saito)
Brian McGill)--OF COUNSEL

Sharretts, Paley, Carter & Blauvelt--Counsel
Washington, DC
on behalf of--

Cambridge Lee Industries, Inc.
Boston, MA

Vincent P. Robinson, President

Don K. Alpaugh, Director of Purchasing

Peter O. Suchman)
Beatrice A. Brickell)--OF COUNSEL

Baker & McKenzie--Counsel
Washington, DC
on behalf of--

Commonwealth Metal Corp.
Englewood Cliffs, NJ

Bruce E. Clubb--OF COUNSEL